



**BRENTWOOD
BOROUGH COUNCIL**

**UNAUDITED
STATEMENT OF ACCOUNTS
2022/23**

Contents

	Page
Narrative Report	1-14
Statement of Responsibilities	15
<u>Group Accounts</u>	16
Group Movement in Reserves Statement	17
Group Comprehensive Income & Expenditure Statement	18
Group Balance Sheet	19-20
Group Cash Flow Statement	21
Notes to the Group Accounts	22-24
<u>Brentwood</u>	
Movement in Reserves Statement	25
Comprehensive Income & Expenditure Statement	26
Balance Sheet	27-28
Cash Flow Statement	29
Notes to the Accounts - Index	30
Notes to the Accounts	30-87
<u>Supplementary Financial Statements</u>	
Housing Revenue Account - Income & Expenditure Statement	88
Movement on the Housing Revenue Account	89
Notes to the Housing Revenue Account	90-3
Collection Fund	94
Notes to the Collection Fund	95-96
<u>Other Statements</u>	
Glossary	97-101

NARRATIVE REPORT

Introduction

The Narrative Report provides a concise guide to the most significant matters reported in the Statement of Accounts for the year ended 31 March 2023, identifying how the Council used its financial and non-financial resources to deliver its service objectives.

Brentwood Borough

The Borough of Brentwood is situated in the southwest of Essex, 18 miles from London and covers 15,321 hectares. The population is 77,021 based on a 2019 mid-year estimate. The majority of the population is located in the two large towns of Brentwood and Shenfield and their surrounding neighbourhoods.

All of the Borough's countryside lies within the Metropolitan Green Belt of London, equating to 89% of the Borough. It has significant built and natural heritage, with over 500 listed buildings, 12 scheduled ancient monuments, accessible countryside and parks and many local wildlife sites.

The Borough has excellent road and rail connections. The M25, A12 and A127 trunk roads flow through the Borough and there are convenient, fast rail links to London and East Anglia. These rail links will be further enhanced by the arrival of the Elizabeth Line at Brentwood and Shenfield stations by Autumn 2020; providing new direct links through Central London to Heathrow Airport and Reading. Stansted, City and Southend Airports are all 30 to 40 minutes drive away.

The Borough's housing stock is 80% owner occupied. The majority of this has been renovated and there are therefore few areas of poor quality housing in the Borough. There is a need, as nationally, for significantly more low cost affordable housing

The Council

The electorate of Brentwood is represented by 37 councillors and the Mayor covering 15 electoral wards across the Borough. The political make up is: 23 Conservative, 12 Liberal Democrat and 2 Labour. Brentwood Borough Council is responsible for delivering a range of services to the residents of the Borough.

The Council has a 'committee style' of governance, where decisions are made in committees comprising councillors from all political parties.

The Council's organisational structure supports the work of Councillors; the structure comprises the Chief Executive and 6 Directors. In addition as required by statute the Council retains a Head of Paid Service, a Monitoring Officer and a Section 151 Officer. An Extended Leadership Team, comprised of service managers, supports the Senior leadership Team to deliver the Council's services and corporate priorities and deliver the corporate plan - Brentwood 2025.

The Corporate Strategy identifies five priority themes:

- a) Growing our economy- A thriving borough that welcomes a wealth of business and culture
- b) Protecting our environment – Developing a clean and green environment for everyone to enjoy
- c) Developing our communities – Safe and strong communities where residents live happy, health and independent lives
- d) Improving Housing – Access to a range of decent homes that meet local needs
- e) Delivering an efficient and effective Council – An ambitious and innovative Council that delivers quality services.

NARRATIVE REPORT

The Council's key resources and assets are:

- a workforce of 235 full-time equivalent staff as at 31 March 2023
- council assets to the value of £514m, of which investment assets with the borough totalled £22m and assets held for strategic and for redevelopment purposes totalled £114m
- a housing stock of 2,469 dwellings with a value of £306m as at 31 March 2023, generating rental income of £12.4m during 2022/23.
- annual income from fees & charges and investment income of £23.511m
- Council Tax income of £7.412m
- Business Rates Tax Base of £69.590m as at 31st March 2022.

The Council's wholly owned subsidiary, Seven Arches Limited, contributed £7.221m to the annual operating income for the Council as a Group, representing investment property income, rental income from properties managed on behalf of the Council, interest on loans advanced from the Council and income from a service level agreement with the Council for the provision of managerial and professional services.

The Council continues to balance its annual budget strategy despite no longer receiving revenue support grant from the Government.

Challenges for the Future

The Borough's prosperity in terms of higher than average house prices and average income and success in terms of high educational attainment standards, is the challenge for the future. There is a high demand for affordable housing, especially for residents working in the borough. Employers attracted to the borough face higher business premises rentals and wages, impacting on reduced local employment. This is compounded with a location which has the limitations of 90% green belt.

NARRATIVE REPORT

Achievements during 2022/23

To achieve the Council's aim to deliver an uplift of new homes and jobs, realising the benefits of the new Local Development Plan and beginning a plan review for strategic growth beyond 2033, we achieved the following:

- Monitoring data on housing delivery shows an uplift in completions and significantly more supply (7-years housing supply)
- Major development schemes are progressing as applications, including strategic housing and employment land at Dunton Hills Garden Village and Brentwood Enterprise Park, with determination expected by March 2023

To achieve the Council's aim to create a Community Infrastructure Levy to secure funds from new development for local services and infrastructure, we achieved:

- Public consultation on the CIL Draft Charging Schedule concluded (Nov 2022)
- Consultation representations are being reviewed to inform final version for submission, followed by an examination-in public before adoption later in 2023.

To achieve the Council's aim to deliver a programme of enlivenment events that boost footfall in our high streets:

- Our continued support of the Brentwood Business Partnership enabled us to deliver enlivenment events on all of the high streets, including Brentwood Art Trail, Creepy Crown Street, Shenfield Spooktacular and Ingatestone Trick or Treat. A French Market took place on the Brentwood High Street in early December
- Early stage talks have begun with businesses and community groups as to how UKSPF funding could also be used to support this objective

To achieve the Council's aim to publish a joined-up vision for Brentwood Town Centre, advancing the agreed aims from the Economic Development Strategy, High Streets Conference and Parking Strategy:

- Three High Street conferences held
- Parking Strategy approved at PRED on 3 October 2022
- Three visioning events held with cultural and creative community

To achieve the Council's aim to investigate the creation of a Business Improvement District to lead on town centre investment with the Brentwood Business Partnership:

- Feasibility report for a Business Improvement District for Brentwood, Shenfield and Ingatestone High Streets completed
- Work to define deliverables and increase engagement with businesses is underway
- BID Ballot to take place in June 2023

NARRATIVE REPORT

To achieve the Council's aim to deliver savings identified of £1.3m within the Medium-Term Financial Strategy:

- Corporate Vacancy Factor (£459k)
- Capitalisation Staff Costs (£50k)
- Digital Efficiencies (£30k)
- Vehicle Fleet maintenance (£135k)
- Waste Service Income (£365k)
- Leisure Strategy Income (£175k)
- Service Income Generation (£130k)

To achieve the Council's aim to submit planning applications for the phase 1 redevelopment of the Baytree Shopping Centre and part of the Childerditch Industrial estate:

- Comprehensive pre-apps completed
- Planning submitted for Baytree Centre and Childerditch in November 2022
- Both sites to be presented to planning before year end 2023
- Approval for funding was agreed at Ordinary Council on 2 November 2022

To achieve the Council's aim to identify further opportunities to optimise the partnership with Rochford District Council to identify shared services to deliver an alternative service model.:

- Senior leadership restructure & recruitment - Tier 1 to 3 creating saving of £290,000
- Service Reviews in HR to achieve overall saving of £42,000
- £24,000 saving due to ICT alignment
- Service reviews started to achieve efficiencies, savings and resilience
- Jointly resourced Cost Of Living campaign with Rochford DC
- Joint team building/fundraising activities i.e. the Yorkshire three peaks challenge

To achieve the Council's aim to act as the lead authority for the Association of South East Local Authorities for the procurement of the full fibre project to link 192 public sector community facilities:

- An attractive procurement bid to potential suppliers is being prepared now that work to the fibre has progressed to the required stage. The procurement exercise will follow once bid is finalised

NARRATIVE REPORT

To achieve the Council's aim to implement Peer Review Action Plan, following recommendations received during the Corporate Peer Challenge in November 2021:

- Officer team has been progressing recommendations throughout the year
- Peer team returned Dec 2022 to review Council's progress
- Peer Review actions progress report presented to PRED 8th Feb 2023

To achieve the Council's aim to complete a local electoral review of Brentwood with the Boundary Commission:

- Draft recommendations received from the Boundary Commission 4th October 2022
- Public consultation ran until 12th December 2022

NARRATIVE REPORT

Financial Performance for 2022/23

The Council's financial performance is provided in full in the Statement of Accounts for 2022/23, in line with international financial reporting standards. The Expenditure and Funding Analysis at Note 1 of the Accounts provides a summary of the Council's financial performance under the appropriate Council Tax and HRA Rent setting regulations and financial reporting under international accounting standards.

General Fund Revenue Account

The table below summarises the financial performance of the General Fund Revenue Account for the year:

	Budget	Actual outturn	Variance
	£'000	£'000	£'000
Brentwood 2025– Service Expenditure			
Growing Our Economy	1,157	836	(321)
Protecting Our Environment	(2,008)	(2,681)	(673)
Developing Our Communities	1,160	1,079	(81)
Improving Housing	183	109	(74)
Delivering An Efficient & Effective Council	5,457	5,758	301
Total Spend - Brentwood 2025	5,949	5,101	(848)
Operating and Financing Charges	3,284	2,487	(797)
Appropriations	535	2,191	1,656
Total Spending Requirement	9,768	9,779	11
Funding:			
Council Tax	(7,209)	(7,209)	0
Business Rates Income	(1,535)	(1,535)	0
Collection Fund Deficit	0	0	0
New Homes Bonus Grant	(715)	(712)	3
Other Grants	(188)	(323)	(135)
Total Funding	(9,647)	(9,779)	(132)
(Surplus)/deficit on General Fund Services	121	0	(121)

NARRATIVE REPORT

Housing Revenue Account

The financial performance for the HRA for the year is detailed below:

	Budget	Outturn	Variance
	£'000	£'000	£'000
Expenditure:			
Repairs and Maintenance	3,314	3,235	(79)
Supervision and Management	4,705	4,112	(593)
Rent, Rates, Taxes and Other Charges	171	161	(10)
Corporate and Non-Corporate Democratic Core	347	377	30
Depreciation and Impairment	2,941	3,251	310
Total Expenditure	11,478	11,136	(342)
Income:			
Dwelling Income	(12,396)	(12,487)	(91)
Non-Dwelling Income	(327)	(253)	74
Charges for Services and Facilities	(937)	(954)	(17)
Contributions to Expenditure	(3)	(115)	(112)
Total Income	(13,663)	(13,809)	(146)
Net (Income) on HRA Services	(2,185)	(2,673)	(488)
HRA Share of Other Operating Income & Expenditure			
Movement in the Allowance for Bad Debts	60	146	86
Interest Payable and similar charges	2,071	1,908	(163)
Interest and Investment Interest	(94)	(47)	47
Contribution to Capital Financing	0	0	0
Net Interest on the Net Defined benefit liability	0	276	276
	2,037	2,283	246
Appropriations			0
HRA Services (Surplus)	(148)	(390)	(242)

NARRATIVE REPORT

Working Balances and Earmarked Reserves

The impact of the 2022/23 Outturn for the General Fund and the HRA on future working balances is detailed below:

General Fund

	2022/23	2023/24	2024/25	2025/26
	Actual	Budget	Budget	Budget
<u>General Fund Balance</u>	£'000	£'000	£'000	£'000
Working Balance B/Fwd	2,874	2,874	2,763	2,514
Surplus/(Funding Gap)	0	(111)	(249)	0
Working Balance C/fwd	2,874	2,763	2,514	2,514
G Fund Earmarked Reserves C/fwd	9,472	9,362	8,398	6,742
Total Balances	12,346	12,125	10,912	9,256

Housing Revenue Account

	2022/23	2023/24	2024/25	2025/26
	Actual	Budget	Budget	Budget
	£'000	£'000	£'000	£'000
<u>HRA Working Balance</u>				
Balance C/Fwd	1,921	2,315	2,341	2,874
Surplus/(Funding Gap)	394	26	533	(931)
Working Balance C/Fwd	2,315	2,341	2,874	1,943
HRA Earmarked Reserves	2,500	2,500	2,500	2,500
<u>Major Repairs Reserve</u>				
Balance B/Fwd	5,153	412	412	412
Contributions in	3,250	2,941	2,941	3,064
Contributions out	(7,991)	(2,941)	(2,941)	(2,941)
Balance C/Fwd	412	412	412	535

General Fund reserves consist of several earmarked reserves together with an unallocated general reserve (General fund Working Balance). All reserves and balances form part of the General Fund, but the Housing Revenue Account balance is specifically 'ring fenced' for use in connection with that service.

In addition to the cash-backed reserves described above, local authorities maintain several other reserves. Some are required for statutory reasons and other reserves are required to comply with proper accounting

NARRATIVE REPORT

practice. Reserve balances are determined each year with regard to the current risks prevalent and foreseen at that time.

Capital Programme

The table below summarises the financial performance of the Capital Programme for the year:

	Budget	Outturn	Variance
	£'000	£'000	£'000
Expenditure			
Growing Our Economy	25,891	760	(25,131)
Protecting Our Environment	2,549	1,012	(1,537)
Developing Our Communities	5,674	1,027	(4,647)
Improving Housing	24,640	11,601	(13,039)
Delivering An Efficient & Effective Council	198	43	(155)
Total Expenditure	58,952	14,443	(44,509)
Funding			
Capital Receipts	349	349	0
HRA Capital Receipts	4,500	1,444	(3,056)
Capital Grants	250	288	38
Major Repairs Reserve	3,564	7,991	4,427
HRA Borrowing	14,986	2,166	(12,820)
Borrowing	35,303	2,205	(33,098)
Total Funding	58,952	14,443	(44,509)

The slippage is mostly in respect of in-borough regeneration and social housing development schemes, which has slipped to future years.

NARRATIVE REPORT

Treasury Management

The Council's net borrowing position at the year-end was as follows:

Long term borrowing	£'000	Ave interest rate
HRA	57,019	
General Fund/Transferred Debt	<u>135,170</u>	
Total Long term borrowing	192,189	2.37%
Short term borrowing		
General Fund/Transferred Debt	<u>34,931</u>	0.85%
Total Short term borrowing	34,931	
Total External borrowing	227,120	
Total Investments	<u>(7,012)</u>	2.11%
Net Borrowing Position	220,108	

Since 2012 the HRA has had a business plan to manage and maintain HRA dwelling, provide for investment of existing stock and finance borrowing of £57.019m. Most of the General Fund short term borrowing has been taken out to provide capital finance to the Council's subsidiary, Seven Arches Investments Ltd and to fund the purchase of strategic property acquisitions.

The Council had a Capital Financing Requirement of £251.761m as at 31st March 2023, representing the Council's underlying borrowing need.

Pension Liability

The Council's Balance Sheet shows a net pension surplus of £18.467m at 31 March 2023, offset by a reserve of the same amount. Details of the required accounting or pension schemes are contained in Note 40 to the Statement. The surplus shows the difference between the underlying commitment on the Council to pay pensions in the long run and the funding available meet these commitments.

NARRATIVE REPORT

Medium Term Financial Strategy 2023-26

The Corporate Strategy requires that the Council is committed to seeking innovative financial solutions that will allow the Council to deliver a prosperous borough to its residents, businesses and visitors.

In this context the Medium Term Financial Strategy (MTFS) seeks to:

- Maintain a sustainable financial position against a background of unprecedented financial uncertainty.
- Support the vision of our Borough through appropriate identification of resources required to deliver the key priorities outlined in the Corporate Strategy.
- Maximise opportunities and mitigate risks associated with the fundamental change to the way in which local government is financed.

Forecasting for the purposes of the MTFS should be treated with caution because:

- The settlement for 2023/24 is for one year only.
- A New Homes Bonus allocation has been made for 2023/24 but a formal review of the scheme is planned for 2024/25. The 2023/24 allocation is solely for that year.
- There was no Government reference to the Fair Funding Review or Business Rates Review in the Settlement. There is therefore an assumption of no change in the methodology of distribution of Government funding and maintenance of the existing Business Rates system.
- There is uncertainty regarding the financial impact of inflation and interest rates, that are both higher than seen in recent years. The budget has been prepared on the basis of economic advice regarding future projections, but these could change, especially given the relatively volatile macro-economic environment.

Taking the above into consideration, the assumptions used to forecast future income and expenditure are prudent and realistic.

The additional cost pressures of inflation and interest rates have been mitigated in year which means that the 2022/23 forecast was for a £156k underspend.

The Council has an ambitious agenda in a current volatile financial climate. The Council aims to continue to deliver and enhance the services it currently provides. The MTFS is expected to utilise reserves in 2023/24 and beyond that year, further savings, efficiencies and income generation will be required. The current position is projected to allow for a £111k use of reserves in 2023/24 and £249k use of reserves in 2024/25, with a balanced position in 2025/26. This maintains working balances in excess of £2.5 million.

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NARRATIVE REPORT

The following key areas support delivery of the MTFS:

- Fees and Charges
- Value for Money
- Inward Economic Development
- Asset Management

The Council continues to transform the way that it delivers services for the foreseeable future to ensure financial sustainability and the identification of resources for investment in key priority areas identified in the Corporate Strategy, which are:

Growing our Economy

- A thriving borough that welcomes a wealth of business and culture

Protecting our Environment

- Developing a clean and green environment for everyone to enjoy.

Developing our Communities

- Safe and strong communities where the residents live happy, healthy and independent lives.

Improving Housing

- Access to a range of decent homes that meet local needs.

Delivering an Efficient and Effective Council

- An ambitious and innovative council that delivers quality services

The Council is continuing to develop its MTFS to deliver the Corporate Strategy outcomes while maintaining working balances and mitigating risk. This will be addressed primarily through:

- Service redesign and delivery of service strategies
- Maximising income generating opportunities
- A focus on supporting inward economic investment.
- Continuously reviewing fees and charges to ensure full cost recovery, where this is not possible reviewing how the associated services are delivered to reduce costs or accepting a discounted charge in return for an appropriate community benefit.
- Optimising the Council's use of technology to enable new ways of working and improving service quality for our residents.
- Ensuring the Council's assets are used efficiently and effectively.

The MTFS includes allocations for savings to be delivered through process reviews as well as making allowances for business case development and delivery.

NARRATIVE REPORT

Corporate Risk Management

The Council maintains Strategic, Operational and Project risk registers to enable it to manage the risks which could impact on its ability to achieve its objectives.

Performance Measurement

The Council measures its performance using a range of performance indicators, split across the various service areas of the Council. These indicators have been chosen as they represent a cross section of the key services delivered to the residents of the Borough. Their purpose is:

- To enable local residents and businesses to gauge the performance of the Council.
- To enable departmental managers to manage their service areas more effectively, including intervening in areas where performance is identified as below target.

The Council's key performance indicators are reported to Members at the meeting of the Audit & Scrutiny Committee on a quarterly basis and are available to view and download from the Brentwood Council Document Library: https://document.brentwood.gov.uk/document_library.php.

NARRATIVE REPORT

The 2022/23 Statement of Accounts

The Council has prepared the 2022/23 Accounts on a going concern basis. This is on the grounds that local authorities cannot be created or dissolved without statutory prescription and it would therefore not be appropriate for their financial statements to be prepared on anything other than a going concern basis.

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Corporate Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- Approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Director of Corporate Resources is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code")

In preparing this Statement of Accounts, the Director of Corporate Resources has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Code

The Section 151 Officer has also:

- kept proper accounting records that were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification by Interim Director (Resources)

The Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended.



Tim Willis, Interim Director (Resources)

31 May 2023

GROUP ACCOUNTS

Introduction

The Code of Practice requires local authorities with material interests in subsidiaries, associates and joint ventures to prepare group accounts in addition to their own single entity financial statement.

The purpose of the group accounts presented on the following pages is to provide a picture of Brentwood Borough Council and the company that is controlled by the Council. The group accounts demonstrate the full extent of the Council's wider asset and liabilities, and its exposure to risk through interests in another entity and participation in the activities of that entity. The group accounts provide transparency and enable comparison with other entities that have similar corporate arrangements.

Seven Arches Investments Ltd

The Council has an interest in one company, Seven Arches Investments Ltd (SAIL).

The company was formed in 2018 as an investment vehicle for the Council. Its principal activity is to invest in regeneration, redevelopment and the management of both residential & commercial assets within the Borough. This will continue to be its purpose for the foreseeable future.

The Council owns 100% of the company's shares, and two direct employees of the Council, the Corporate Finance Manager and the Strategic Director (Deputy Chief Executive), sit on the SAIL Management Board as directors with voting rights. The Board also consists of a third, non-voting director and two non-executive directors.

SAIL is classified as a subsidiary of the Council and is considered to be material to the financial statements.

SAIL's company number is 11306245, and its registered office is: Town Hall, Ingrave Road, Brentwood, CM15 8AY. The company's auditors are MJ Bushell Ltd.

Seven Arches Investments Ltd holds 50% shares in a joint venture partnership, Brentwood Development Partnership LLP.

Content of the Group Accounts

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts
- Joint Venture

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, together with the SAIL Retained Earnings Reserve:

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Reserve	Total Reserves
	General Fund	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Balance at 31 March 2022	2,874	12,685	1,921	2,500	2,337	1,095	5,153	28,565	275,589	304,154	1,161	305,315
Movement in reserves during 2022/23:												
Surplus/(Deficit) on Provision of Services	(466)	0	(87)	0	0	0	0	(553)	0	(553)	232	(321)
Less transactions between Group and Council	(7,221)	0	0	0	0	0	0	(7,221)	0	(7,221)	7,221	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	61,466	61,466	521	61,987
Total Comprehensive Income and Expenditure	(7,687)	0	(87)	0	0	0	0	(7,774)	61,466	53,692	7,974	61,666
Transfer of recharges from General Fund to HRA	1,895	0	(1,895)	0	0	0	0	0	0	0	0	0
Adjustments between group and authority accounts	7,221	0	0	0	0	0	0	7,221	0	7,221	(7,221)	0
Adjustments between accounting basis and funding basis under regulations	(4,643)	0	2,372	0	445	400	(4,741)	(6,167)	6,167	0	0	0
Total movement in reserves during 2022/23	(3,214)	0	390	0	445	400	(4,741)	(6,720)	67,633	60,913	753	61,666
Transfers (to)/from Earmarked Reserves	3,214	(3,214)	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2023	2,874	9,472	2,311	2,500	2,782	1,495	412	21,846	343,220	365,065	1,914	366,980

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Reserve	Total Reserves
	General Fund	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
Balance at 31 March 2021	2,874	10,782	1,479	2,400	2,604	1,011	6,473	27,623	209,501	237,124	(5,864)	231,260
Movement in reserves during 2021/22:												
Surplus/(Deficit) on Provision of Services	3,087	0	(254)	0	0	0	0	2,833	0	2,833	(133)	2,700
Less transactions between Group and Council	(5,837)	0	0	0	0	0	0	(5,837)	0	(5,837)	5,837	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	64,194	64,194	7,157	71,351
Total Comprehensive Income and Expenditure	(2,750)	0	(254)	0	0	0	0	(3,004)	64,194	61,190	12,861	74,051
Transfer of recharges from General Fund to HRA	1,638	0	(1,638)	0	0	0	0	0	0	0	0	0
Adjustments between group and authority accounts	5,837	0	0	0	0	0	0	5,837	0	5,837	(5,837)	0
Adjustments between accounting basis and funding basis under regulations	(2,822)	0	2,434	0	(267)	84	(1,320)	(1,891)	1,891	0	0	0
Total movement in reserves during 2021/22	1,903	0	542	0	(267)	84	(1,320)	942	66,085	67,027	7,024	74,051
Transfers (to)/from Earmarked Reserves	(1,903)	1,903	(100)	100	0	0	0	0	0	0	0	0
Balance at 31 March 2022	2,874	12,685	1,921	2,500	2,337	1,095	5,153	28,565	275,589	304,149	1,161	305,315

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

This statement shows the income and expenditure of the Group during the financial year

	2021/22			2022/23		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Growing Our Economy	3,913	(2,795)	1,118	2,884	(1,381)	1,503
Protecting Our Environment	10,145	(6,238)	3,907	10,220	(5,837)	4,383
Developing Our Communities	4,664	(1,801)	2,863	2,872	(1,026)	1,846
Improving Housing	1,159	(931)	228	842	(895)	(53)
Efficient & Effective Council	17,775	(10,240)	7,535	19,301	(10,711)	8,590
Subsidiary	1,359	(7,045)	(5,686)	2,440	(9,848)	(7,408)
Housing Revenue Account	11,870	(13,462)	(1,592)	12,550	(13,809)	(1,259)
Cost of Services	50,885	(42,512)	8,373	51,109	(43,507)	7,602
Other operating expenditure	981	(514)	467	620	(741)	(121)
Financing and investment income & expenditure	4,065	(5,627)	(1,562)	4,237	(893)	3,344
Taxation and non-specific grant income & expenditure	0	(9,978)	(9,978)	0	(10,504)	(10,504)
(Surplus)/Deficit on Provision of Services	55,931	(58,631)	(2,700)	55,966	(55,645)	321
Deficit/(surplus) on revaluation of non current assets	0	(46,610)	(46,610)	0	(21,898)	(21,898)
Remeasurement of the net defined benefit pension liability	0	(24,797)	(24,797)	0	(40,089)	(40,089)
Other adjustments	55	0	55	0	0	0
Other Comprehensive Income and Expenditure	55	(71,407)	(71,352)	0	(61,987)	(61,987)
Total Comprehensive Income and Expenditure	55,986	(130,038)	(74,052)	55,966	(117,632)	(61,666)

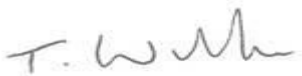
GROUP BALANCE SHEET

This statement summarises the financial position of the group at 31 March 2023:

Note	31 March 2022 £'000	31 March 2023 £'000
Property, Plant and Equipment:-		
Council dwellings	294,515	306,222
Other Land and Buildings	154,521	164,059
Vehicles, plant and equipment	4,914	5,224
Infrastructure	1,836	1,898
Community Assets	2,937	2,937
Surplus Assets	5,196	7,973
Assets Under Construction	1,875	3,174
	465,794	491,487
Intangible Assets	17	0
2 Investment Property	82,968	83,355
Long-term Debtors	296	210
Long-term Assets	549,075	575,052
Short-term Investments	11,003	7,012
Inventories	175	85
Assets Held for Sale	373	1,250
3 Short-term Debtors	13,368	10,997
Cash and Cash Equivalents	5,107	2,129
Current Assets	30,026	21,473
Short-term Borrowing	(36,752)	(34,931)
4 Short-term Creditors	(17,761)	(15,665)
Receipts in Advance - Revenue	(3,119)	(512)
Provisions	(1,191)	(1,778)
Current Liabilities	(58,823)	(52,886)
Long-term Borrowing	(192,193)	(192,227)
Grants Receipts in Advance	(1,934)	(2,304)
Net Pension Liability	(20,304)	18,467
Deferred Tax Liability	(496)	(595)
Other Long Term Liabilities	(36)	0
Long-term Liabilities	(214,963)	(176,659)
Net Assets	305,315	366,980

GROUP BALANCE SHEET

Note	31 March 2022 £'000	31 March 2023 £'000
General Fund Balance	2,874	2,874
Housing Revenue Account Balance	1,921	2,311
Capital Receipts Reserve	2,337	2,782
Capital Grants Unapplied Account	1,095	1,495
Major Repairs Reserve	5,153	412
Earmarked Reserves	15,185	11,972
SAIL Retained Earnings Account	1,161	1,914
Usable Reserves	29,726	23,760
Revaluation Reserve	168,290	187,396
Capital Adjustment Account	132,096	136,504
Deferred Capital Receipts	292	292
Pension Reserve	(20,304)	18,467
Accumulated Absences Adjustment Account	(110)	(122)
Collection Fund Adjustment Account	(4,675)	683
Unusable Reserves	275,589	343,220
Total Reserves	305,315	366,980



Tim Willis, Interim Director (Resources)
31 May 2023

GROUP CASH FLOW STATEMENT

This statement summarises the cash flows in and out of the group during the financial year:

Note	2021/22		2022/23	
	£'000	£'000	£'000	£'000
Net deficit on the provision of services		(2,700)		321
Adjustments for non cash movements:-				
Depreciation of non current assets	(5,376)		(5,750)	
Amortisation of intangible assets	(111)		(60)	
Revaluation adjustments	(4,201)		(2,905)	
(Increase)/decrease in bad debts provision	(103)		(119)	
(Increase)/decrease in creditors	1,364		8,898	
Increase/(decrease) in debtors	(1,712)		2,815	
Increase/(decrease) in inventories	66		(90)	
Movement in pension liabilities	(1,890)		(1,318)	
Amounts transferred to Collection Fund Adjustment Account	1,005		5,358	
Amounts transferred to Accumulated Absences Adjustment Account	59		(12)	
Carrying amounts of non-current assets sold	(811)		(1,477)	
(Increase)/decrease in provisions	(160)		(686)	
Increase/(decrease) in value of investment properties	6,427		1,099	
Other non cash movements	44		36	
Total adjustments for non cash movements		(5,399)		5,789
Adjustments for investing or financing activities				
Proceeds from the sale of non-current assets	1,325		2,238	
Capital Grants	595		889	
Total adjustment for investing or financing activities		1,920		3,127
Net cash in-flow from Operating Activities		(6,179)		9,237
Investing Activities:-				
Purchase of property, plant & equipment and intangible assets	14,953		14,109	
Proceeds from the sale of property, plant & equipment	(1,325)		(2,238)	
Proceeds from short term investments	11,004		0	
(increase)/decrease in capital grants	(525)		(3,991)	
		24,107		6,622
Financing Activities:-				
Cash receipts of short-term and long-term borrowing	(96,853)		(44,000)	
Repayments of short-term and long-term borrowing	101,198		45,825	
Decrease/(increase) in Collection Fund Agency balances	(3,282)		(14,706)	
		1,063		(12,881)
Net (increase)/decrease in cash and cash equivalents		18,991		2,978
Cash and cash equivalents at the beginning of the reporting period		24,098		5,107
Cash and cash equivalents at the end of the reporting period		5,107		2,129
Movement in cash & cash equivalents		(18,991)		(2,978)

NOTES TO THE GROUP ACCOUNTS

1. Group Accounting Policies

The Group Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. The Council has consolidated its interests in the entity over which it exercises control or significant influence because they are material to the Council's balance sheet. The accounts of the Council's subsidiary, Seven Arches Investments Ltd (SAIL), have been consolidated on a line by line basis. Intra-group transactions have been eliminated before consolidation.

The Accounting Policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Brentwood Borough Council, as set out in note 41 of the Notes to the Core Statement of Accounts. In following these policies and reporting requirements as determined by CIPFA, the group disclosures may differ from the disclosures in the company accounts of SAIL.

Notes for the Group Financial Statements are provided below on the areas that have changed materially on consolidation of the SAIL accounts into the Council's accounts.

2. Investment Properties

	2021/22 £'000	2021/22 £'000	2021/22 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000
	Commercial Premises	Land	Total	Commercial Premises	Land	Total
Balance at start of the year	66,692	2,993	69,685	74,543	8,425	82,968
Enhancements	0	0	0	16	0	16
Acquired during the year	70	0	70	0	0	0
Net gains from fair value adjustments						
- through Comprehensive Income & Expenditure Account	8,154	5,432	13,586	414	1,207	1,621
Transfer to Assets Held for Sale	0	0	0	0	(1,250)	(1,250)
Transfers to Surplus Assets	(373)	0	(373)	0	0	0
Balance at end of the year	74,543	8,425	82,968	74,973	8,382	83,355

The revaluations were carried out by Wilks Head Eve, an independent firm of Royal Institute of Chartered Surveyors (RICS) registered valuers in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS, and in the CIPFA Code.

NOTES TO THE GROUP ACCOUNTS

3. Debtors

	31 March 2022			31 March 2023		
	£'000	£'000	£'000	£'000	£'000	£'000
	Gross Debt	Impairment Allowance	Net Debt	Gross Debt	Impairment Allowance	Net Debt
Trade receivables-external bodies	1,334	(87)	1,247	5,204	(150)	5,054
Trade receivables-subsiary	224	0	224	523	0	523
Housing rents arrears	1,789	(1,273)	516	1,933	(1,447)	486
Financial assets at contract amounts	3,347	(1,360)	1,987	7,660	(1,597)	6,063
Central Government	4,531	0	4,531	545	0	545
Other local authorities	4,115	0	4,115	2,683	0	2,683
Council tax arrears	676	(254)	422	733	(278)	455
Non domestic rates arrears	1,096	(527)	569	1,126	(565)	561
Housing benefit overpayments	1,070	(1,017)	53	941	(900)	41
Other sundry receivables	357	0	357	190	0	190
Prepayments	1,334	0	1,334	459	0	459
Total	16,526	(3,158)	13,368	14,337	(3,340)	10,997

4. Creditors

	31 March 2022	31 March 2023
	£'000	£'000
Trade payables-external bodies	3,938	6,782
Trade payables-subsiary	62	62
Financial liabilities at contract amounts	3,938	6,782
Central Government	10,600	5,571
Other local authorities	498	1,227
Council tax pre-payments	130	149
Non domestic rates pre-payments	1,113	622
Other sundry payables	484	484
Receipts in advance	936	768
Total	17,761	15,665

NOTES TO THE GROUP ACCOUNTS

5. Joint Venture

SAIL has a 50% holding in a joint venture (JV), Brentwood Development Partnership LLP, formed in July 2019. The purpose of the JV is to assisting Brentwood Borough Council in meeting its objectives in regenerating the residential, leisure, social and commercial infrastructure within the Borough.

The private sector partner is Muse Developments Ltd (part of the Morgan Sindall plc group).

At the date of these accounts, the JV was operating at a loss due to the pre-development costs associated with the various sites. The arrangement is that when profits materialise from the developments, the loans will be recouped, and the remaining profits will be distributed on a 50:50 basis between the two partners.

The operating costs, assets and liabilities of the JV have not been consolidated into the group accounts, on the basis that the up-front costs were being funded by the partner as at the date of these accounts.

CORE FINANCIAL STATEMENTS – MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start to the end of the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other “unusable reserves”. The Statement analyses the movements in year between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax and housing rent income for the year. The balance at 31 March 2022 line shows the statutory General Fund balance and Housing Revenue Account balance following these adjustments.

Movement in Reserves Statement 2022/23

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Reserves
	General Fund Balance	Earmarked General Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Balance at 31 March 2022	2,874	12,685	1,921	2,500	2,337	1,095	5,153	28,565	270,431	298,996
Movement in reserves during 2022/23:										
Surplus/(Deficit) on Provision of Services	(466)	0	(87)	0	0	0	0	(553)	0	(553)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	61,466	61,466
Total Comprehensive Income and Expenditure	(466)	0	(87)	0	0	0	0	(553)	61,466	60,913
Transfer of recharges from General Fund to HRA	1,895	0	(1,895)	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations (note 4)	(4,643)	0	2,372	0	445	400	(4,741)	(6,167)	6,167	0
Total movement in reserves during 2022/23	(3,214)	0	390	0	445	400	(4,741)	(6,720)	67,633	60,913
Transfers (to)/from Earmarked Reserves (note 5)	3,214	(3,214)	0	0	0	0	0	0	0	0
Balance at 31 March 2023	2,874	9,472	2,311	2,500	2,782	1,495	412	21,844	338,062	359,907

Movement in Reserves Statement 2021/22

	Held for Revenue Purposes				Held for Capital Purposes			Total Usable Reserves	Unusable Reserves	Total Reserves
	General Fund Balance	Earmarked General Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Balance at 31 March 2021	2,874	10,782	1,479	2,400	2,604	1,011	6,473	27,623	209,502	237,125
Movement in reserves during 2021/22:										
Surplus/(Deficit) on Provision of Services	3,087	0	(254)	0	0	0	0	2,833	0	2,833
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	64,195	64,195
Total Comprehensive Income and Expenditure	3,087	0	(254)	0	0	0	0	2,833	64,195	67,028
Transfer of recharges from General Fund to HRA	1,638	0	(1,638)	0	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations (note 4)	(2,822)	0	2,434	0	(267)	83	(1,320)	(1,892)	1,892	0
Total movement in reserves during 2021/22	1,903	0	542	0	(267)	83	(1,320)	941	66,087	67,028
Transfers (to)/from Earmarked Reserves (note 5)	(1,903)	1,903	(100)	100	0	0	0	0	0	0
Balance at 31 March 2022	2,874	12,685	1,921	2,500	2,337	1,095	5,153	28,563	275,589	304,152

CORE FINANCIAL STATEMENTS – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the statutory amounts to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Note	2021/22			2022/23		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
	3,913	(2,795)	1,118	2,884	(1,381)	1,503
	10,145	(9,001)	1,144	10,220	(10,116)	104
	4,664	(1,801)	2,863	2,872	(1,046)	1,826
	1,159	(931)	228	842	(895)	(53)
	17,775	(10,897)	6,878	19,302	(11,190)	8,112
	11,870	(13,462)	(1,592)	12,550	(13,809)	(1,259)
	49,526	(38,887)	10,639	48,670	(38,437)	10,233
6	981	(514)	467	620	(741)	(121)
7	4,082	(8,044)	(3,962)	4,280	(3,335)	945
8	0	(9,977)	(9,977)	0	(10,504)	(10,504)
	54,589	(57,422)	(2,833)	53,570	(53,017)	553
21	0	(39,453)	(39,453)	0	(21,377)	(21,377)
40	0	(24,797)	(24,797)	0	(40,089)	(40,089)
	55	0	55	0	0	0
	55	(64,250)	(64,195)	0	(61,466)	(61,466)
	54,644	(121,672)	(67,028)	53,570	(114,483)	(60,913)

CORE FINANCIAL STATEMENTS – BALANCE SHEET

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves that it holds. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category is unusable reserves, i.e. those reserves that the Council may not use to provide services. These include reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

Note	31 March 2022 £'000	31 March 2023 £'000
9	Property, Plant and Equipment:-	
	Council dwellings	294,515
	Other Land and Buildings	154,522
	Vehicles, plant and equipment	4,914
	Infrastructure	1,836
	Community Assets	2,937
	Surplus Assets	5,196
	Assets Under Construction	1,875
	465,795	491,487
11	Intangible Assets	17
13	Investment Property	22,838
14	Long-term Debtors	60,296
	Long-term Assets	548,946
15	Short-term Investments	11,003
	Inventories	175
	Assets Held for Sale	373
16	Short-term Debtors	12,279
17	Cash and Cash Equivalents	2,943
	Current Assets	26,773
15	Short-term Borrowing	(36,752)
18	Short-term Creditors	(16,010)
32	Receipts in Advance - Revenue	(3,181)
19	Provisions	(1,191)
	Current Liabilities	(57,134)
15	Long-term Borrowing	(192,193)
32	Grants Receipts in Advance	(1,934)
40	Net Pension Liability	(20,304)
	Long-term Liabilities	(214,431)
	Net Assets	304,154
		365,066

CORE FINANCIAL STATEMENTS – BALANCE SHEET

Note	31 March 2022 £'000	31 March 2023 £'000
20	2,874	2,874
20	1,921	2,311
20	2,337	2,782
20	1,095	1,495
4	5,153	412
5	15,185	11,972
	Usable Reserves	21,846
	28,565	21,846
21	168,290	187,396
22	132,096	136,504
23	292	292
24	(20,304)	18,467
25	(110)	(122)
26	(4,675)	683
	Unusable Reserves	343,220
	275,589	343,220
	Total Reserves	365,066
	304,154	365,066



Tim Willis, Interim Director (Resources)
31 May 2023

CORE FINANCIAL STATEMENTS – CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in the Council's cash and cash equivalents during the reporting period. It classifies cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the Council's activities are funded from taxation, grant income and charges for services. Investing activities represent the extent to which cash outflows have been made for resources intended to contribute to the Council's future cash delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

Note	2021/22		2022/23	
	£'000	£'000	£'000	£'000
Net deficit/(surplus) on the provision of services		(2,833)		553
Adjustments for non cash movements:-				
Depreciation of non current assets	(5,376)		(5,750)	
Amortisation of intangible assets	(112)		(60)	
Revaluation adjustments	(4,201)		(2,905)	
(Increase)/decrease in bad debts provision	(103)		(119)	
(Increase)/decrease in creditors	1,102		10,300	
Increase/(decrease) in debtors	(2,523)		1,275	
Increase/(decrease) in inventories	66		(90)	
Movement in pension liabilities	(1,890)		(1,318)	
Amounts transferred to Collection Fund Adjustment Account	1,003		5,358	
Amounts transferred to Accumulated Absences Adjustment Account	59		(12)	
Carrying amounts of non-current assets sold	(811)		(1,477)	
(Increase)/decrease in provisions	336		(587)	
Increase/(decrease) in value of investment properties	6,427		1,099	
Other non cash movements	47		36	
Total adjustments for non cash movements		(5,976)		5,750
Adjustments for investing or financing activities				
Proceeds from the sale of non-current assets	1,325		2,238	
Capital Grants recognised in the CIES	595		889	
Total adjustment for investing or financing activities		1,920		3,127
Net cash in-flow from Operating Activities		(6,889)		9,430
Investing Activities:-				
Purchase of property, plant & equipment and intangible assets	14,952		14,109	
Proceeds from the sale of property, plant & equipment	(1,325)		(2,238)	
Purchase of short term investments	11,004		0	
Proceeds from short term investments	0		(3,991)	
Capital grants	(525)		(1,258)	
		24,106		6,622
Financing Activities:-				
Cash receipts of short-term and long-term borrowing	(96,853)		(44,000)	
Repayments of short-term and long-term borrowing	101,198		45,825	
Decrease/(increase) in Collection Fund Agency balances	(3,282)		(14,706)	
		1,063		(12,881)
Net (increase)/decrease in cash and cash equivalents		18,280		3,171
17 Cash and cash equivalents at the beginning of the reporting period		21,223		2,943
17 Cash and cash equivalents at the end of the reporting period		<u>2,943</u>		<u>(228)</u>
Movement in cash & cash equivalents		<u>(18,280)</u>		<u>(3,171)</u>

NOTES TO THE ACCOUNTS - INDEX

<u>Notes to the Core Financial Statements</u>	Page
<u>Comprehensive Income & Expenditure Statement</u>	
1 Expenditure Funding & Analysis	31-32
2 Note to the Expenditure & Funding Analysis	33-34
3a Expenditure and funding analysed by nature	35
3b Revenue from contracts with service recipients	36
4 Adjustments between accounting basis and funding basis under regulation	37-38
5 Transfers to/from earmarked reserves	38-41
6 Other Operating Expenditure	41
7 Financing and Investment Income and Expenditure	41
8 Taxation and Non-Specific Grant Income	42
 <u>Balance Sheet</u>	
9 Property, Plant and Equipment	42-44
10 Capital Expenditure and Capital Financing	45
11 Intangible Assets	46
12 Heritage Assets	46
13 Investment properties	46-47
14 Long term debtors	47
15 Financial instruments	47-48
16 Debtors	48
17 Cash and cash equivalents	48
18 Creditors	49
19 Provisions	49-50
20 Usable reserves	50
21 Revaluation Reserve	50
22 Capital Adjustment Account	50-51
23 Deferred Capital Receipts Reserve	51
24 Pensions Reserve	52
25 Accumulating Absences Adjustment Account	52
26 Collection Fund Adjustment Account	52
 <u>Other notes</u>	
27 Trading operations	53
28 Members' allowances	53
29 Officers' remuneration	53-56
30 Termination benefits	56
31 External Audit costs	56
32 Grant income	57-59
33 Related parties	59-62
34 Leases	62
35 Accounting standards that have been issued but have not yet been adopted	62
36 Events after the balance sheet date	62
37 Nature and extent of risks arising from financial instruments	63-64
38 Assumptions made about the future and other major sources of estimation uncertainty	64-66
39 Critical judgements in applying accounting policies	67
 <u>Pension liabilities</u>	
40 Defined benefit pension schemes	68-74
 <u>Accounting Policies</u>	
41 Significant accounting policies	75-87

NOTES TO THE ACCOUNTS

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated on the Council's spending priorities in line with its Corporate Strategy, Brentwood 2025. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The figures in the Net Expenditure Chargeable to the General Fund and HRA Balance column align to the outturn report taken to the Council's Audit & Scrutiny Committee.

<u>2022/23</u>	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
Service	£000	£000	£000
Growing Our Economy	836	667	1,503
Protecting Our Environment	(2,681)	2,785	104
Developing Our Communities	1,080	746	1,826
Improving Housing	109	(162)	(53)
Delivering An Efficient & Effective Council	5,758	2,354	8,112
Housing Revenue Account	(2,673)	1,414	(1,259)
Net Cost of Services	2,429	7,804	10,233
Other income & expenditure Total	(2,819)	(6,861)	(9,680)
Deficit/(surplus)	(390)	943	553
Opening General Fund and HRA Balance at 31 March 2022*	(19,980)		
Add (Surplus) on General Fund and HRA balance in year	(390)		
Add transfer from Income & Expenditure to Earmarked Reserves	3,213		
Closing General Fund and HRA Balance at 31 March 2023*	(17,157)		

* For a split of the closing balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 24.

NOTES TO THE ACCOUNTS

1. Expenditure and Funding Analysis (continued)

<u>2021/22</u>	Net Expenditure Chargeable to the General Fund and HRA Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£000	£000	£000
Service			
Growing Our Economy	773	345	1,118
Protecting Our Environment	(2,014)	3,158	1,144
Developing Our Communities	980	1,883	2,863
Improving Housing	154	74	228
Delivering An Efficient & Effective Council	4,923	1,955	6,878
Housing Revenue Account	(542)	(1,050)	(1,592)
Net Cost of Services	4,274	6,365	10,639
Other income & expenditure Total	(6,827)	(6,645)	(13,472)
Deficit/(surplus)	(2,553)	(280)	(2,833)
Opening General Fund and HRA Balance at 31 March 2020*	(17,537)		
Add (Surplus) on General Fund and HRA balance in year	(440)		
Add transfer from Income & Expenditure to Earmarked Reserves	(2,003)		
Closing General Fund and HRA Balance at 31 March 2022*	(19,980)		

* For a split of the closing balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 24.

NOTES TO THE ACCOUNTS

2. Notes to the Expenditure and Funding Analysis

Adjustments between Accounting Basis and Funding Basis 2022/23				
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Growing Our Economy	0	305	362	667
Protecting Our Environment	1,609	810	366	2,785
Developing Our Communities	521	163	62	746
Improving Housing	(211)	113	(64)	(162)
Delivering An Efficient & Effective Council	497	361	1,496	2,354
Housing Revenue Account	2,915	384	(1,885)	1,414
Net Cost of Services	5,331	2,136	337	7,804
Other Income & Expenditure	(3,556)	(1,330)	(1,975)	(6,861)
Total	1,775	806	(1,638)	943

Adjustments between Accounting Basis and Funding Basis 2021/22				
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Growing Our Economy	0	355	(10)	345
Protecting Our Environment	1,909	914	335	3,158
Developing Our Communities	1,640	187	56	1,883
Improving Housing	(58)	134	(2)	74
Delivering An Efficient & Effective Council	554	184	1,217	1,955
Housing Revenue Account	2,536	206	(3,792)	(1,050)
Net Cost of Services	6,581	1,980	(2,196)	6,365
Other Income & Expenditure	(7,810)	(261)	1,426	(6,645)
Total	(1,229)	1,719	(770)	(280)

NOTES TO THE ACCOUNTS

2. Notes to the Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- **Financing and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustment

This is the net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pensions related expenditure and income:

- **for services**, this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs
- **for Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES

Other

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- the charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and Non Domestic Rates that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

NOTES TO THE ACCOUNTS

3a. Expenditure & Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

Expenditure	2021/22 £'000	2022/23 £'000
Employee benefits expenses	14,051	14,683
Other services expenses	25,459	25,011
Depreciation, amortisation & impairment (note 9)	3,261	7,616
Interest payments	5,679	5,640
Precepts & levies (note 6)	604	620
Payments to the Housing Capital Receipts Pool (note 6)	377	0
Total expenditure	49,431	53,570
Income		
Fees, charges and other service income		
- Revenue from contracts with service recipients (note 3b)	(20,770)	(20,733)
- Other income	(6,133)	(7,085)
Interest and investment income (note 7)	(2,442)	(2,778)
Income from council tax and non domestic rates	(4,369)	(6,806)
Grants and contributions (note 32)	(18,036)	(14,874)
Gain on the disposal of assets (note 6)	(514)	(741)
Total income	(52,264)	(53,017)
Deficit on the provision of services	(2,833)	553
Check to CIES	(2,833)	553

3b. Revenue from Contract with Service Recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

	31 March 2022 £'000	31 March 2023 £'000
Revenue from contracts with service recipients	(20,770)	(20,733)
Increase in provision for impairment	150	132
Total included in CIES	(20,620)	(20,601)

NOTES TO THE ACCOUNTS

3b. Revenue from Contract with Service Recipients (continued)

Amounts included in the Balance Sheet for contracts with service recipients:

	31 March 2022 £'000	31 March 2023 £'000
Receivables (included as debtors - see note 16)	1,679	2,106
Total included in Balance Sheet	1,679	2,106

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is as follows:

	31 March 2022 £'000	31 March 2023 £'000
Not later than one year	(522)	(358)
Later than one year	0	0
Total	(522)	(358)

4. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following is a description of the reserves against which the adjustments are made.

a) General Fund Balance

The General Fund is the statutory fund into which the Council's receipts are paid, and out of which the liabilities of the Council are met, except to the extent that statutory rules provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover at the end of the financial year). The balance is not available to be applied to funding Housing Revenue Account (HRA) services.

b) Housing Revenue Account Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act which is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) is required to be recovered from tenants in future years.

c) Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve which controls an element of the capital resources limited to capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources which have yet to be applied at the year-end.

NOTES TO THE ACCOUNTS

4. Adjustments between accounting basis and funding basis under regulations (continued)

d) Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

e) Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

2022/23	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	Total £'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive & Income Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs (transferred to/from the Pensions Reserve)	1,087	231	0	0	0	1,318
Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account)	(5,358)	0	0	0	0	(5,358)
Holiday pay (transferred to/from to the Accumulated Absences Reserve)	2	10	0	0	0	12
Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account).	864	7,270	0	0	0	8,134
Total Adjustments to Revenue Resources	(3,405)	7,511	0	0	0	4,106
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	(349)	(1,889)	2,238	0	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Transfer of HRA resources from revenue to the Major Repairs Reserve	0	(3,250)	0	0	3,250	0
Capital Grants unapplied	(889)	0	0	400	0	(489)
Total Adjustments between Revenue and Capital Resources	(1,238)	(5,139)	2,238	400	3,250	(489)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			(1,793)			(1,793)
Use of the Major Repairs Reserve to finance capital expenditure					(7,991)	(7,991)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash						0
Total Adjustments to Capital Resources	0	0	(1,793)	0	(7,991)	(9,784)
Total Adjustments	(4,643)	2,372	445	400	(4,741)	(6,167)

NOTES TO THE ACCOUNTS

4. Adjustments between accounting basis and funding basis under regulations (continued)

<u>2022/23</u>	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Major Repairs Reserve £'000	Total £'000
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive & Income Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension costs (transferred to/from the Pensions Reserve)	1,512	377	0	0	0	1,889
Council Tax & NNDR (transfers to/from the Collection Fund Adjustment Account)	(1,005)	0	0	0	0	(1,005)
Holiday pay (transferred to/from to the Accumulated Absences Reserve)	(43)	(15)	0	0	0	(58)
Reversal of entries relating to capital expenditure (charged to the Capital Adjustment Account).	(3,018)	6,457	0	0	0	3,439
Total Adjustments to Revenue Resources	(2,554)	6,819	0	0	0	4,265
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	(50)	(1,275)	1,325	0	0	0
Payments to the government housing receipts pool	377	0	(377)	0	0	0
Transfer of HRA resources from revenue to the Major Repairs Reserve	0	(3,110)	0	0	3,110	0
Capital Grants unapplied	(595)	0	0	83	0	(512)
Total Adjustments between Revenue and Capital Resources	(268)	(4,385)	948	83	3,110	(512)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(1,215)	0	0	(1,215)
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	0	(4,430)	(4,430)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0
Total Adjustments to Capital Resources	0	0	(1,215)	0	(4,430)	(5,645)
Total Adjustments	(2,822)	2,434	(267)	83	(1,320)	(1,892)

5. Transfers to and from Earmarked Reserves

This note sets out the amounts transferred to and from the General Fund and Housing Revenue Account balances and earmarked reserves in 2022/23.

	2021/22					2022/23				
	Balance at 1 April 2021 £'000	Transfers to CIES £'000	Internal transfers £'000	Transfers from CIES £'000	Balance at 31 March 2022 £'000	Balance at 1 April 2022 £'000	Transfers to CIES £'000	Internal transfers £'000	Transfers from CIES £'000	Balance at 31 March 2023 £'000
General Fund										
Mitigation Reserves										
Inflation & Financing Mitigation	0	0	20	919	939	939	0	0	261	1,200
Funding Volatility	1,343	(104)	0	0	1,239	1,239	0	0	81	1,320
Housing Benefit Subsidy	150	0	0	0	150	150	0	0	0	150
Insurance and Risk Management	25	0	0	12	37	37	0	0	0	37
In Borough Regeneration	426	0	0	1,505	1,931	1,931	0	0	1,569	3,500
Total Mitigation Reserves	1,944	(104)	20	2,436	4,296	4,296	0	0	1,911	6,207

NOTES TO THE ACCOUNTS

	2021/22					2022/23				
	Balance at 1 April 2021	Transfers to CIES	Internal transfers	Transfers from CIES	Balance at 31 March 2022	Balance at 1 April 2022	Transfers to CIES	Internal transfers	Transfers from CIES	Balance at 31 March 2023
	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund										
Service Reserves										
ICT Investment	0	0	0	0	0	0	0	0	0	0
Community Alarms	0	0	0	0	0	0	0	0	0	0
Asset Management	164	0	0	0	164	164	0	0	0	164
Electoral Registration	43	0	0	0	43	43	0	0	14	57
Economic Development	300	0	0	0	300	300	0	0	0	300
Brentwood Community Fund	0	0	0	0	0	0	0	0	0	0
High Street Fund	200	0	0	0	200	200	0	0	0	200
Environmental Initiatives	92	(40)	148	0	200	200	(18)	0	0	182
Planning Enforcement	130	0	0	50	180	180	(119)	0	0	61
Service Investment and Initiatives	196	0	0	4	200	200	0	0	0	200
Legal Resource	100	0	0	0	100	100	0	0	0	100
Leisure Contingency	200	(200)	21	51	72	72	0	0	0	72
LGV Driver Training	10	0	0	0	10	10	0	0	0	10
Parking Strategy/MSCP Clean	21	(21)	0	0	0	0	0	0	0	0
Digital, Customer & Comms	134	0	0	0	134	134	0	0	0	134
Planning Development	78	0	0	149	227	227	(227)	0	0	0
Election Costs	70	(70)	0	0	0	0	0	0	0	0
Rochford Partnership	0	0	0	300	300	300	(111)	0	0	189
Other Licences	0	0	0	3	3	3	(1)	0	3	5
Corporate Training	0	0	0	18	18	18	0	0	28	46
Apprentice Incentive	0	0	0	8	8	8	0	0	1	9
Street Scene Initiatives Creation	0	0	200	0	200	200	0	0	0	200
Staff Achievement & Recognition	0	0	3	0	3	3	0	0	0	3
Total Service Reserves	1,738	(331)	372	583	2,362	2,362	(476)	0	46	1,932
Specific Reserves										
Waste Management	405	0	(405)	0	0	0	0	0	0	0
Dunton Hills Development	0	0	0	0	0	0	0	0	0	0
Nightingale Maintenance	298	(6)	0	0	292	292	(12)	0	0	280
Planning Delivery Grant	0	0	0	0	0	0	0	0	0	0
Preventing Homelessness	100	0	0	0	100	100	0	0	0	100
EU Exit Grant	53	0	(53)	0	0	0	0	0	0	0
Brentwood Community Hospital	40	0	0	0	40	40	0	0	0	40
Community Rights	38	0	0	0	38	38	0	0	0	38
Health and Wellbeing	81	0	0	22	103	103	0	0	6	109
Neighbourhood Plan	26	0	0	0	26	26	0	0	3	29
Land at Hanover House	10	0	0	0	10	10	0	0	0	10
Willowbrook Rosen Crescent	7	0	0	0	7	7	0	0	0	7
Play Area Grant	0	0	0	0	0	0	0	0	0	0
Open Data Funding to LA's	1	0	0	0	1	1	0	0	0	1
New corporate priorities	0	0	0	0	0	0	0	0	250	250
CEV funding	0	0	0	0	0	0	0	0	27	27
Domestic Abuse funding	0	0	0	0	0	0	0	0	69	69
Total Specific Reserves	1,059	(6)	(458)	22	617	617	(12)	0	355	960
COVID-19 Specific Reserves										
ECC - Night Time Economy Grant	14	(14)	0	0	0	0	0	0	0	0
New Burdens for SBSG	130	0	0	0	130	130	(130)	0	0	0
New Burdens LADGF (covid-19)	59	0	0	167	226	226	(226)	0	0	0
Test and Trace Admin	50	(27)	0	41	64	64	(64)	0	0	0
New burdens CT Hardship Fund and BRR	20	0	0	0	20	20	(20)	0	0	0
Tax Income Guarantee Scheme	591	(151)	0	0	440	440	(440)	0	0	0
COVID 19 Volatility	412	0	0	0	412	412	(412)	0	0	0
NDR Collection Fund Deficit	4,740	(4,804)	0	4,001	3,937	3,937	(3,564)	0	0	373
COVID-19 Support Grant	0	0	0	0	0	0	0	0	0	0
Council Tax Hardship Fund	26	0	0	0	26	26	(26)	0	0	0
Additional Restrictions Grant	0	0	24	0	24	24	(24)	0	0	0
New Burden funding post payment assurance	0	0	131	0	131	131	(131)	0	0	0
Total COVID-19 Specific Reserves	6,042	(4,996)	155	4,209	5,410	5,410	(5,037)	0	0	373
Total General Fund Reserves	10,783	(5,437)	89	7,250	12,685	12,685	(5,525)	0	2,312	9,472
Housing Revenue Account Reserves										
Council Dwellings Investment Fund	2,400	0	0	100	2,500	2,500	0	0	0	2,500
Total Housing Revenue Account Reserves	2,400	0	0	100	2,500	2,500	0	0	0	2,500

NOTES TO THE ACCOUNTS

5. Transfers to and from Earmarked Reserves (continued)

The following table sets out the purpose of each earmarked reserve:

<u>General Fund Reserves</u>	<u>Purpose</u>
<u>Mitigation Reserves</u>	
Inflation & Financing Mitigation	To support the uncertainty around the Council's finances connected with the cost of living crisis
Funding Volatility	To mitigate the uncertainty and financial risks connected with Government Funding
Housing Benefit Subsidy	To support the funding of subsidy claims
Insurance and Risk Management	To support and mitigate high risks identified through the corporate risk register.
In Borough Regeneration	To support the council's plans for regeneration in the borough.
<u>Service Reserves</u>	
ICT Investment	To fund investment in the Council's ICT structure.
Community Alarms	To fund the expansion of the community alarm service and the upgrading of the equipment .
Asset Management	To fund the costs of developing and implementing the Council's asset management programme.
Electoral Registration	To fund future changes to registration, and the implementation of the Canvass Reform 2020
Economic Development	To fund the development of the Council's Economic Development Strategy
Brentwood Community Fund	To fund agreed community projects.
High Street Fund	To aid corporate objectives for growing the economy in town and village centres
Environmental Initiatives	To develop environmental initiatives that will reduce reduce the Council's carbon footprint.
Planning Enforcement	To aid the dealing with unauthorised incursions and related enforcement work
Service Investment and Initiatives	To mitigate one off costs for any identified service investments or initiatives in year
Legal Resources	To fund the cost of unexpected legal case work
Leisure Contingency	To support the interim direct management by the Council of the Brentwood Leisure
LGV Driver Training	To fund mandatory CPC training for LGV drivers
Parking Strategy/MSCP Clean	To fund specialised cleansing in the Multi Storey Car Park and costs associated with the Parking Strategy
Digital, Customer & Comms	To fund schemes such as customer service accreditation and development of social media engagement
Planning Development	To fund ongoing costs associated with dealing with planning applications
Election Costs	To fund election services costs
Rochford Partnership	To fund the development of the partnership
Other Licences	Pavement licence grant to be utilised during 2022/23
Corporate Training	To fund investment in staff training and development
Apprenticeship Investment Programme	To maintain a rolling programme of apprenticeships at the Council.
Street Scene Initiatives Creation	To fund development of one off initiatives within Street Scene service area.
Staff Achievement & Recognition	To recognise and celebrate staff achievements
<u>Service Reserves</u>	
Waste Management	To fund the development of waste management within the Borough.
Dunton Hills Development	To fund planning costs associated with the Dunton Hills Garden Village Development.
Nightingale Maintenance	To meet the cost of grounds maintenance at the new housing development at this site.
Planning Delivery Grant	To fund work associated with the Local Development Plan.
Preventing Homelessness	To fund prevention initiatives and new costs associated with the Homelessness Reduction Act 2018.
EU Exit Grant	To fund preparations required of the Council when the UK exits the EU.
Brentwood Community Hospital	To fund grounds maintenance of the former hospital site.
Willowbrook Rosen Crescent	To fund the cost of hedge maintenance at this location.
Community Rights	To fund costs associated with Community Rights to Buy and Assets of Community Value
Play Area Grant	Park improvement funding, earmarked specifically to contribute to the Council's play area strategy
Health and Wellbeing	To fund projects as determined by the Brentwood Health & Wellbeing Board.
Neighbourhood Plan	To fund future costs associated with the with Doddinghurst and West Horndon Neighbourhood Plans.
Land at Hanover House	To fund public open space improvements at land at Hanover House.
Leisure Strategy	To fund the Council's Leisure Service review.
Open Data Funding to LA's	To support additional work for DCA authorities in handling queries related to open UPRN/USRN data.

NOTES TO THE ACCOUNTS

5. Transfers to and from Earmarked Reserves (continued)

<u>Covid Specific Reserves</u>	<u>Purpose</u>
ECC - Night Time Economy Grant	To support licensed premises during the easing of the lockdown restrictions
New Burdens for SBSG	To fund the administration of COVID 19 discretionary grants to support small businesses
New Burdens LADGF (covid-19)	To fund COVID 19 local authority discretionary grants
Test and Trace Admin	To fund the administration of the Test and Trace programme
New burdens CT Hardship Fund and BRR	To fund the administration of delivering Council Tax and Business Rates relief.
Tax Income Guarantee (TIG) Scheme	To carry TIG received in 2021/22 to offset the future year deficits on the Collection Fund
COVID 19 Volatility	To mitigate any financial pressures on services caused by the COVID-19 pandemic.
NDR Collection Fund Deficit	To carry forward S31 Grant received in 2021/22 to offset the deficit carried forward on the NDR Collection Fund due to the extended Retail Relief Scheme in 2021/22
COVID-19 Support Grant	To assist local authorities deal with the financial pressures caused by the COVID-19 pandemic
Council Tax Hardship Fund	To fund Council Tax reliefs for Council Tax payers financial Hardship Grant
Additional Restrictions Grant	To hold grants funding that may need to be repaid to Government
New Burden post payment assurance	To fund the reconciliation required by Government regarding all administered grants.

<u>Housing Revenue Account Reserves</u>	
Council Dwellings Investment Fund	Contains contributions from the HRA towards investment in the Council's housing stock and funding the Affordable Housing Programme.

6. Other Operating Expenditure

	2021/22	2022/23
	£'000	£'000
Parish Council precepts	604	620
Payments to the Government Housing Capital Receipts Pool	377	0
Gains on the disposal of non-current assets	(514)	(741)
Total	467	(121)

7. Financing and Investment Income and Expenditure

	2021/22	2022/23
	£'000	£'000
Interest payable	4,403	4,856
Net interest on the pensions net defined benefit liability	839	495
Interest receivable and similar income	(2,442)	(2,778)
Net movement in bad debts provision	109	29
Income from investment properties	(444)	(558)
Changes in fair value of investment properties	(6,427)	(1,099)
Total	(3,962)	945

NOTES TO THE ACCOUNTS

8. Taxation and Non-Specific Grant Income

	2021/22	2022/23
	£'000	£'000
Council Tax Income	(7,010)	(7,412)
Non Domestic Rates	2,855	591
Non-ringfenced Government grants (note 32)	(5,434)	(3,214)
Capital grants and contributions (note 32)	(175)	(469)
Total	(9,764)	(10,504)

9. Property Plant and Equipment

9.1 Movements on balances in 2022/23

	Total	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra-structure	Community Assets	Surplus Assets	Assets Under Construction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Carrying Amount (Cost/Valuation)								
At 1 April 2022	474,377	298,878	154,541	8,709	2,235	2,943	5,196	1,875
Acquisitions	3,384	2,324	0	1,060	0	0	0	0
Additions	10,711	7,991	1,284	0	136	0	1	1,299
Revaluation net increases to the Revaluation Reserve	21,378	8,499	10,284	0	0	0	2,595	0
Revaluation net decreases to Deficit on the Provision of Services	(582)	(674)	(89)	0	0	0	181	0
Accumulated depreciation written out to gross carrying amount	(2,984)	(2,984)	0	0	0	0	0	0
Derecognition - disposals	(3,069)	(1,135)	(1,934)	0	0	0	0	0
At 31 March 2023	503,215	312,899	164,086	9,769	2,371	2,943	7,973	3,174
Accumulated Depreciation & Impairment								
At 1 April 2022	(8,581)	(4,363)	(19)	(3,795)	(398)	(6)	0	0
Depreciation charge	(5,741)	(2,974)	(1,942)	(750)	(75)	0	0	0
Impairment losses to the Surplus/deficit on the Provision of Services	(2,324)	(2,324)	0	0	0	0	0	0
Derecognition - disposals	0	0	0	0	0	0	0	0
Accumulated depreciation written out to gross carrying amount	4,918	2,984	1,934	0	0	0	0	0
Depreciation at 31 March 2023	(11,728)	(6,677)	(27)	(4,545)	(473)	(6)	0	0
Net book value at 31 March 2023	491,487	306,222	164,059	5,224	1,898	2,937	7,973	3,174
Net book value at 31 March 2022	465,795	294,515	154,522	4,914	1,836	2,937	5,196	1,875

NOTES TO THE ACCOUNTS

9.2 Comparative Movements on Balances in 2021/22

	Total £'000	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra- structure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000
Gross Carrying Amount (Cost/Valuation)								
At 1 April 2021	427,418	278,344	129,540	8,155	1,439	2,943	3,183	3,814
Adjustment to opening balance	21	44	(23)	0	0	0	0	0
Acquisitions	1,574	0	0	1,574	0	0	0	0
Additions	13,246	4,305	550	0	99	0	0	8,292
Revaluation net increases to the Revaluation Reserve	41,910	18,840	21,539	0	0	0	1,531	0
Revaluation net decreases to Deficit on the Provision of Services	(1,997)	(192)	(1,805)	0	0	0	0	0
Accumulated depreciation written out to gross carrying amount	(4,638)	(2,764)	(1,874)	0	0	0	0	0
Derecognition - disposals	(1,839)	(819)	0	(1,020)	0	0	0	0
Assets Under Construction reclassified	0	1,120	7,932	0	697	0	482	(10,231)
At 31 March 2022	475,695	298,878	155,859	8,709	2,235	2,943	5,196	1,875
Accumulated Depreciation & Impairment								
At 1 April 2021	(5,463)	(471)	(489)	(4,217)	(280)	(6)	0	0
Adjustment to opening balance	(23)	0	24	0	(47)	0	0	0
Depreciation charge	(5,368)	(2,816)	(1,890)	(590)	(72)	0	0	0
Revaluation net increases to the Revaluation Reserve	(2,501)	(1,645)	(856)	0	0	0	0	0
Impairment losses to the Surplus/deficit on the Provision of Services	(2,203)	(2,203)	0	0	0	0	0	0
Derecognition - disposals	1,020	8	0	1,012	0	0	0	0
Accumulated depreciation written out to gross carrying amount	4,638	2,764	1,874	0	0	0	0	0
Depreciation at 31 March 2022	(9,900)	(4,363)	(1,337)	(3,795)	(399)	(6)	0	0
Net book value at 31 March 2022	465,795	294,515	154,522	4,914	1,836	2,937	5,196	1,875
Net book value at 31 March 2021	421,955	277,873	129,051	3,938	1,732	2,937	3,183	3,241

9.3 Assets Under Construction

The amount of £3.174m for Assets Under Construction is in respect of the following schemes:

- Affordable Housing Development Schemes £3.055m
- Football Hub £0.119m

9.4 Depreciation

The following asset lives have been used in the calculation of depreciation:

- Council Dwellings 69 years
- Other Land & Buildings 5-69 years
- Vehicles, Plant & Equipment 5-10 years
- Infrastructure-land drainage 50 years
- Infrastructure-other assets 10 years

NOTES TO THE ACCOUNTS

9.5 Capital Commitments

The Council had not entered into any capital commitments as at 31 March 2023.

9.6 Revaluations

The Council carries out a rolling programme of valuations that ensures that a full revaluation all non-current assets requiring to be measured at fair value is carried out at least every five years. The valuations in 2022/23 were carried out by Wilks Head Eve, an independent firm of Royal Institute of Chartered Surveyors (RICS) registered valuers in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS, and in the CIPFA Code. The bases for valuation are set out in accounting policy 41.16.

Council Dwellings

Council dwellings are valued using the beacon approach. The stock is broken down into archetypes groups, with an average value based on beacon values applied to each group. A full revaluation of the housing stock was carried out in 2022/23.

Other non-current assets

The values of asset classes have been assessed on the basis of local knowledge, publicised data and advice received by other surveyors and valuers. Where possible, the assets have been examined internally and copies of leases reviewed. A building survey has not been carried out, and the assets have not been inspected for the purposes of condition or structural stability. It is assumed that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown.

Surplus Assets

All of the Council's surplus assets have been assessed as Level 2 in the fair value hierarchy for valuation purposes. The fair value has been measured using a market approach using current market conditions, recent sales prices and other relevant information for similar assets. Market conditions for these asset types are such that the levels of observable inputs are significant.

Valuation history of the Council's assets

	Total	Council	Other	Vehicles,	Infrastructure	Community	Surplus	Assets Under
		Dwellings	Land and	Plant and		Assets	Assets	Construction
	£'000	£'000	Buildings	Equipment	£'000	£'000	£'000	£'000
			£'000	£'000				
Carried at depreciated historical cost	13,321	0	88	5,224	1,898	2,937	0	3,174
Valued at fair value as at								
31 March 2019	2,296	0	2,296	0	0	0	0	0
31 March 2020	1,919	0	1,919	0	0	0	0	0
31 March 2021	668	0	668	0	0	0	0	0
31 March 2022	1,076	0	1,076	0	0	0	0	0
31 March 2023	472,207	306,222	158,012	0	0	0	7,973	0
Total Cost or Valuation	491,487	306,222	164,059	5,224	1,898	2,937	7,973	3,174

NOTES TO THE ACCOUNTS

10. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year, and the resources been used to finance it, is shown below. Where capital expenditure is to be financed in future years, by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2021/22	2022/23
	£'000	£'000
Opening Capital Financing Requirement	240,473	248,637
<u>Capital Expenditure</u>		
Property, plant and equipment	6,528	9,011
Assets under construction	8,292	5,100
Investment properties	70	
Intangible assets	62	43
Revenue expenditure funded from capital under statute	438	288
Total Capital Expenditure	15,390	14,442
<u>Sources of Finance</u>		
Financing of capital expenditure:-		
Capital receipts	(1,214)	(1,793)
Government grants and other contributions	(511)	(288)
Major Repairs Reserve	(4,430)	(7,991)
Total Financing of Capital Expenditure	(6,155)	(10,072)
Sums set aside from revenue for the repayment of debt	(1,071)	(1,246)
Closing Capital Financing Requirement	248,637	251,761
<u>Explanation of Movements in the Year</u>		
Net increase in the underlying need to borrow	8,164	3,124
Increase in Capital Financing Requirement	8,164	3,124

NOTES TO THE ACCOUNTS

11. Intangible Assets

The balance of £0.000m (£0.017m as at 31 March 2022) represents the costs of strategic developments to the Council ICT systems and infrastructure less accumulated amortisation.

12. Heritage Assets

The Council has two heritage assets, the Shenfield War Memorial and the Heritage Column. These are not recognised in the Balance Sheet because cost and valuation information is not available, and it is considered that the cost of obtaining such information would outweigh the benefit to readers of the financial statements in recognising the assets in the Balance Sheet.

Shenfield War Memorial is situated on Shenfield Road in Brentwood and is readily accessible to the public. It was renovated in 2012/13 and has an expected maintenance-free life for the memorial of twenty five years. Annual inspections will take place to ensure that appropriate maintenance will be carried out in the future.

The Heritage Column is a steel sculpture that depicts scenes of Brentwood's history. It sits at the junction of Kings Road and Brentwood High Street and is accessible to the public at all times. There is no specific maintenance programme for the column, which will be inspected on an *ad hoc* basis.

13. Investment Properties

The Council holds a number of commercial premises and pieces of land for the purpose of earning rental income and capital appreciation. There are no restrictions on the Council's ability to realise the value inherent in these investment properties or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancement.

The Council earned £0.558m (2021/22 £0.444m) rental income from these properties, which is accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The following table summarises the movement in the fair value of the investment properties over the year. Valuations were carried out by Wilkes Head Eve, an independent firm of Royal Institute of Chartered Surveyors (RICS) registered valuers, in line with professional standard set out by RICS, and the CIPFA Code.

	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
	Shops & other premises	Land	Total	Shops & other premises	Land	Total
Balance at start of the year	14,342	2,372	16,714	15,034	7,804	22,838
Enhancements	70	0	70	16	0	16
Net (losses)/gains from fair value adjustments						
- through Comprehensive Income & Expenditure Account	995	5,432	6,427	(108)	1,207	1,099
Transfer to Assets Held for Sale	0	0	0	0	(1,250)	(1,250)
Transfer to Surplus Assets	(373)	0	(373)	0	0	0
Balance at end of the year	15,034	7,804	22,838	14,942	7,761	22,703

Fair Value Hierarchy and Valuation Techniques used to determine Level 2 values

All of the Council's investment properties have been assessed as Level 2 in the fair value hierarchy for valuation purposes. The fair value of investment properties has been measured using a market approach using current market conditions, recent sales prices and other relevant information for similar assets. Typical valuation inputs used include market rental and sale values, yields, void and letting periods, configuration,

NOTES TO THE ACCOUNTS

13. Investment Properties (continued)

proportions and layout. Market conditions for these asset types are such that the levels of observable inputs are significant.

14. Long Term Debtors

The balance of £60.210m mostly represents loans totalling £60.000m made by the Council to its wholly owned Company, Seven Arches Investments Ltd, as detailed in the Related Parties disclosure note.

15. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. Non-exchange transactions, such as those related to local taxation and government grants, do not give rise to financial instruments.

15.1 Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or by a contractual right to receive cash or other financial assets from another entity. The financial assets held by the Council are carried in the Balance Sheet under the following classifications:

	Long-Term		Short-Term				Total	
	Debtors		Investments & Cash Equivalents		Debtors			
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
Amortised cost	60,296	60,210			3,075	2,626	63,371	62,836
Cash and Cash Equivalents:								
Cash at Bank			2,943	(228)			2,943	(228)
Short Term Investments			11,003	7,012			11,003	7,012
Total financial assets	60,296	60,210	13,946	6,784	3,075	2,626	77,317	69,620

The short-term debtors figure excludes debtors totalling £8.672m (£15.705m as at 31 March 2021) representing non-financial instruments such as Council Tax and NDR arrears.

These transactions are measured using inputs classified at level 2 in the fair value hierarchy. The Council also holds shares in Seven Arches Investments Ltd. These are held at their nominal value of £100 because it is impracticable to determine fair value.

15.2 Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council, represented by an obligation on the Council to deliver cash to another entity. The financial liabilities held by the Council are carried in the Balance Sheet under the following classifications:

NOTES TO THE ACCOUNTS

15. Financial Instruments (continued)

	Long-Term		Short-Term				Total	
	Borrowings		Borrowings		Creditors		Total	
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
Amortised cost					(2,768)	(2,848)	(2,768)	(2,848)
Borrowing:								
- PWLB	(192,019)	(192,019)	(731)	(717)			(192,750)	(192,736)
- Other local authorities			(36,017)	(34,210)			(36,017)	(34,210)
- transferred debt	(174)	(170)	(4)	(4)			(178)	(174)
Total Financial Liabilities	(192,193)	(192,189)	(36,752)	(34,931)	(2,768)	(2,848)	(231,713)	(229,968)

The creditors figure excludes creditors totalling £12.744m (£9.972m in 2020/21) representing non-financial instruments such as Council Tax and NDR prepayments.

These transactions are measured using inputs classified at level 2 in the fair value hierarchy.

Income, Expense, Gains and Losses on Financial Instruments

The following amounts are recognised in the Comprehensive Income and Expenditure Statement:-

	2021/22		2022/23	
	Financial Liabilities measured at amortised cost £'000	Financial assets measured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Financial assets measured at amortised cost £'000
Interest expense	4,403		4,856	
Interest income		(2,442)		(2,778)

15.3 Fair value of Financial Assets and Liabilities

The fair value of financial assets and liabilities are used as a comparison to the carrying value disclosed in the Balance Sheet. In most instances, the carrying amount is deemed to be a fair approximation of fair value. The fair value of PWLB debt has been calculated by comparing the terms of these loans against current PWLB borrowing rates. The fair values are shown in the table on the following page:

NOTES TO THE ACCOUNTS

15. Financial Instruments (continued)

	31 March 2022		31 March 2023	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial Assets:				
Short Term Investments	11,003	11,003	11,003	11,003
Cash and Cash Equivalents	2,943	2,943	(228)	(228)
Short Term Debtors	3,186	3,186	2,626	2,626
Long Term Debtors	60,296	60,296	60,210	60,210
Total Financial Assets	77,428	77,428	73,612	73,612
Financial Liabilities:				
PWLB debt	(192,019)	(183,213)	(192,736)	(114,420)
Transferred Debt	(178)	(178)	(174)	(170)
Short Term Creditors	(2,768)	(2,768)	(2,848)	(2,848)
Short Term Borrowing	(36,748)	(36,748)	(34,210)	(34,210)
Total Financial Liabilities	(231,713)	(222,907)	(229,968)	(151,648)

16. Debtors

	31 March 2022			31 March 2023		
	Gross Debt £'000	Impairment Allowance £'000	Net Debt £'000	Gross Debt £'000	Impairment Allowance £'000	Net Debt £'000
Trade receivables-external bodies	1,250	(87)	1,163	1,247	(150)	1,097
Trade receivables-subsiary	224	0	224	523	0	523
Housing rents arrears	1,789	(1,273)	516	1,933	(1,447)	486
Financial assets at contract amounts	3,263	(1,360)	1,903	3,703	(1,597)	2,106
Central Government	4,500	0	4,500	545	0	545
Other local authorities	4,115	0	4,115	2,683	0	2,683
Council tax arrears	676	(254)	422	733	(278)	455
Non domestic rates arrears	1,096	(527)	569	1,126	(565)	561
Housing benefit overpayments	1,070	(1,017)	53	941	(900)	41
Other sundry receivables	242	0	242	190	0	190
Prepayments	475	0	475	459	0	459
Total	15,437	(3,158)	12,279	10,380	(3,340)	7,040

The Council Tax and Non Domestic Rates figures represent the Council's share of the total arrears for these debts.

17. Cash and Cash Equivalents/Cash Overdrawn

	31 March 2022 £'000	31 March 2023 £'000
Bank current accounts	2,939	(228)
Cash floats	4	0
Total Cash and Cash Equivalents	2,943	(228)

NOTES TO THE ACCOUNTS

18. Creditors

	31 March 2022 £'000	31 March 2023 £'000
Trade payables-external bodies	2,187	2,363
Trade payables-subsi diary	62	62
Financial liabilities at contract amounts	2,187	2,363
Central Government	10,600	5,571
Other local authorities	498	1,227
Council tax pre-payments	130	149
Non domestic rates pre-payments	1,113	622
Other sundry payables	484	484
Receipts in advance	936	768
Total	16,010	11,246

The Council Tax and Non Domestic Rates figures represent the Council's share of the total amounts owed.

19. Provisions

	Non Domestic Rates Appeals £'000	Insurance Claims £'000	Legal Claims £'000	Planning Appeals £'000	Total £'000
Balance at 31 March 2021	1,203	223	51	50	1,527
Additional/reduced provisions in 2021/22	(161)	0	8	0	(153)
Amounts used in 2021/22	(183)	0	0	0	(183)
Balance at 31 March 2022	859	223	59	50	1,191
Additional/(reduced) provisions in 2022/23	2,643	45	1	0	2,689
Amounts used in 2022/23	(2,102)	0	(1)	0	(2,102)
Balance at 31 March 2023	1,401	268	59	50	1,778

Nature and purpose of each provision:

- a) **Non Domestic Rates Appeals** . Under the Non Domestic Rates Retention scheme introduced in April 2013 councils are expected to meet the financial impact of successful appeals by ratepayers against the rateable value of their properties on the rating list. The provision of £1.203m represents the Council's share of the provision.
- b) **Insurance Claims**. This provision is to meet claims from the Council's previous insurers Municipal Mutual Insurance who are subject to a Scheme of Arrangement.
- c) **Legal Costs**. This provision is to meet the cost of several legal claims against the Council.
- a) **Planning Appeal**. This provision is to meet the costs of any planning appeal made against the Council.

NOTES TO THE ACCOUNTS

19. Provisions (continued)

The timing of the settlement of these liabilities is uncertain, but the Council has taken the view that they are likely to be settled within 12 months of the balance sheet date. The balances as at 31 March 2022 have therefore been classified as short-term liabilities.

20. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 22 and in note 4 on pages 33-35. Note 4 also contains an explanation of why each usable reserve is held.

21. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment.

	31 March 2022 £'000	31 March 2023 £'000
Balance at 1 April	130,776	168,290
Adjustment to opening balance	41	
Upward revaluation of Property, Plant & Equipment	45,171	28,255
Downward revaluation of Property, Plant & Equipment	(5,761)	(6,878)
Sub total	39,410	21,377
Upward revaluation of Investment Properties	0	0
Downward revaluation of Investment Properties	0	0
Sub total	0	0
Difference between fair value depreciation and historical cost depreciation	(1,599)	(1,771)
Accumulated gains on assets sold or scrapped	(338)	(500)
Amount written off to the Capital Adjustment Account	(1,937)	(2,271)
Balance at 31 March	168,290	187,396

22. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

NOTES TO THE ACCOUNTS

22. Capital Adjustment Account (continued)

	31 March 2022 £'000	31 March 2023 £'000
Balance at 1 April	127,486	132,096
Adjustment to opening balance	(47)	
Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(5,376)	(5,750)
Revaluation losses on Property, Plant and Equipment	(4,200)	(2,905)
Amortisation of Intangible assets	(112)	(60)
Revenue Expenditure Funded from Capital under Statute	(438)	(288)
Donated/transferred assets	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the Comprehensive Income and Expenditure Statement	(811)	(1,477)
Sub Total	(10,937)	(10,480)
Adjusting amounts written out of the Revaluation Reserve	1,940	2,271
Net written out amount of the cost of non-current assets consumed in the year	(8,997)	(8,209)
Capital Financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	1,215	1,793
Use of the Major Repairs Reserve to finance new capital expenditure	4,430	7,991
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	511	488
Revenue contributions to capital expenditure	0	0
Provision for the financing of capital investment charged against the General Fund and HRA balances	1,071	1,246
Sub Total	7,227	11,518
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	6,427	1,099
Balance at 31 March	132,096	136,504

23. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has not yet taken place. These gains are not treated as usable until they are backed by cash receipts, at which point the amounts are transferred to the Capital Receipts Reserve.

	31 March 2022 £'000	31 March 2023 £'000
Balance at 1 April	300	292
Recognition of gains	(8)	0
Transfer of net gain/(loss) on disposal to CIES	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31 March	292	292

NOTES TO THE ACCOUNTS

24. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

	31 March 2022 £'000	31 March 2023 £'000
Balance at 1 April	(43,213)	(20,304)
Remeasurements of the net defined benefit liability	24,797	40,089
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,553)	(4,216)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,665	2,898
Balance at 31 March	(20,304)	18,467

25. Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the difference that would otherwise arise on the General Fund or HRA balances for accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the balances is neutralised by transfer to and from the Account.

	31 March 2022 £'000	31 March 2023 £'000
Balance at 1 April	(169)	(110)
(Increase)/decrease	59	(12)
Balance at 31 March	(110)	(122)

26. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and NDR payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31 March 2022 £'000	31 March 2023 £'000
Balance at 1 April	(5,678)	(4,675)
Increase/decrease	1,003	5,358
Balance at 31 March	(4,675)	683

NOTES TO THE ACCOUNTS

27. Trading Operations

The Council operates car parks and collects trade waste, which generate income. Details of income and expenditure (which are included in Protecting Our Environment in the Comprehensive Income and Expenditure Statement) are as follows:

	2021/22	2022/23
	£'000	£'000
Car Parks		
Income	(1,253)	(1,631)
Expenditure	641	715
(Surplus)/deficit	(612)	(916)
Trade Waste Collection		
Income	(596)	(590)
Expenditure	147	308
Surplus	(449)	(282)

28. Members' Allowances

The Council paid £0.276m to Members of the Council during the year (£0.275m in 2021/22).

29. Officers' Remuneration

The remuneration paid to the Council's senior employees during 2022/23 was as follows:

Post	Note	Salary, Fees and Allowances £	Bonus £	Employer's Pension Contribution £	Total £
Tier 1 & 2 (Full year)					
Chief Executive	1	151,925	0	30,233	182,158
Strategic Director	2	102,338	0	20,365	122,703
Strategic Director (Regeneration & Housing Development)	3	66,189	0	0	66,189
Tier 3 Structure (up to 31 July 2022)					
Corporate Director (Planning & Economy)		23,640	0	6,114	29,754
Corporate Director (Housing & Community Safety)		23,640	0	6,114	29,754
Corporate Director (Environment & Communities)		23,640	0	6,114	29,754
Corporate Director (Digital & Customer Engagement)		17,343	0	8,085	25,428
Corporate Director (Finance & Resources) - S151 Officer	4	52,078	0	12,118	64,196
Corporate Director (Law & Governance) - Monitoring Officer	5	25,397	0	9,104	34,501
Tier 3 Structure (from 1 August 2022)					
Director Communities and Health		58,592	0	10,250	68,842
Director Policy & Delivery		58,592	0	10,250	68,842
Director Place		58,592	0	10,250	68,842
Director for Assets and Investments	6	34,777	0	7,064	41,841
Director for Customer and Data Insight	7	34,505	0	6,867	41,372
Director for Resources - S151 Officer	8	0	0	0	0
Director of Housing	8	0	0	0	0
Director for People and Governance - Monitoring Officer	8	0	0	0	0
		731,248	0	142,928	874,176

NOTES TO THE ACCOUNTS

1. Cost are split 50/50 for Chief executive between Rochford and Brentwood
- 2 Cost are split 70/30 for Strategic Director between Brentwood and Rochford
3. Strategic Director (Regeneration & Housing Development) in post till October and was then vacant
4. Post remained in structure until November and replaced by agency
5. Post was deleted as part of restructure
6. Director for Assets and Investments. The postholder in post from November 22 the annualised salary is £81,925
7. Director for Customer and Data Insight The postholder in post from November 2022 the annualised salary is £81,925
8. Vacancies covered by agency.

The costs from the Tier 3 structure from 1 August 2022 are split between Rochford and Brentwood. The contribution from Rochford is £303,687

An additional two posts (Strategic Director & Director of Environment) are split between Rochford and Brentwood. The contribution from Brentwood is £71,223

The remuneration paid to the Council's senior employees during 2021/22 was as follows:

	Note	Salary, Fees and Allowances	Bonus	Employer's Pension Contribution	Total
Chief Executive	1	129,167	12,500	28,192	169,859
Strategic Director (Deputy Chief Executive)		84,842	0	16,621	101,463
Strategic Director (Regeneration & Housing Development)	2	26,185	0	0	26,185
Corporate Director (Planning & Environment)		70,773	0	13,821	84,594
Corporate Director (Housing & Community Safety)		70,773	0	14,243	85,016
Corporate Director (Environment & Communities)		70,773	0	13,821	84,594
Corporate Director (Digital & Community Engagement)		35,769	0	13,029	48,798
Corporate Director (Finance & Resources) - S151 Officer		81,192	0	16,157	97,349
Corporate Director (Law & Governance) - Monitoring Officer		81,186	0	16,156	97,342
		650,660	12,500	132,040	795,200

1. **Chief Executive.** The postholder was appointed as joint chief executive of Brentwood District Council and Rochford District Council from 1 February 2022, following a six month trial period. The annualised salary up to 1 February 2022 was £125,000, and the annualised salary from 1 February 2022 was £150,000. The costs of the post are shared equally between the two authorities.
2. **Strategic Director (Regeneration & Housing Development).** The post holder was in post from 4 January 2022. The annualised salary is £106,172.

NOTES TO THE ACCOUNTS

29. Officers' Remuneration (continued)

Employees earning more than £50,000

The number of other employees of the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) was as follows:

Remuneration Band	2021/22	2022/23
	Number of employees	Number of employees
£50,000 - £54,999	8	11
£55,000 - £59,999	6	6
£60,000 - £64,999	0	7

NOTES TO THE ACCOUNTS

The Council undertook a review of its Tier 4 management known as extended leadership team. This new structure was implemented from 1st August 2021 and resulted in an increase of posts remunerated at over £50k.

Off Payroll Arrangements

The Council engages interim staff to provide temporary cover for vacant posts and to obtain specialist skills and experience. The cost of 9 of these interim staff (5 in 2021/22) was more than £50,000 in each instance, at a total cost of £581,221 (£397,802 in 2021/22). The sums represent the amounts paid by the Council to the supplying agencies. The Council's recruitment policies were followed in all of these interim appointments.

30. Termination Benefits

Exit Packages

The following table discloses the number and total cost of exit packages within cost bands incurred during the year:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £000	2022/23 £000
£0 - £20,000	0	1	0	0	0	1	0	16
£20,001 - £40,000	0	1	1	1	0	2	20	57
£40,001 - £60,000	0	0	1	0	0	0	48	0
£60,001 - £80,000	0	1	0	0	0	1	0	66

The costs in the above Exit Packages table represent the liabilities incurred by the Council upon the termination of the contracts of a number of its employees.

31. External Audit Costs

	2021/22 £'000	2022/23 £'000
Fees payable in respect of external audit services carried out by the appointed auditor for the year		
- planned fees	54	67
- additional fees	33	28
Fees payable for the certification of grant claims and returns for the year	17	17
Rebate received in year from PSAA	(10)	(3)
Total	94	109

NOTES TO THE ACCOUNTS

32. Grant Income

The following grants and contributions have been credited to the Comprehensive Income and Expenditure Statement:

	2021/22	2022/23
	£'000	£'000
Credited to Taxation and Non-specific Grant Income:		
Non-ringfenced Government grants		
New Homes Bonus Scheme	529	713
Business Rates Relief	3,578	2,142
Covid-19 LA Support Grant	309	0
Income Compensation Scheme Sales Fees and Charges	254	0
New burdens CT Hardship Fund and BRR	0	0
New Burdens Business Rates Relief	0	125
Council Tax Hardship Fund	0	0
Tax Income Guarantee Scheme Grant	(38)	0
Transparency Code Set Up Grant	8	8
Levy Account Surplus Grant	0	14
Lower Tier Services Grant	71	190
LCTS	76	0
Covid-19 Additional Relief Fund	647	35
Sub total	5,434	3,227
Capital grants and contributions		
Developers' Section 106 Grants	168	276
Contribution towards fit out of DWP area at Town Hall	0	0
Contribution towards inclusive playspace at KGPF	0	0
Sub total	168	276
Total	5,602	3,503

NOTES TO THE ACCOUNTS

	2021/22	2022/23
Credited to Services:	£'000	£'000
COVID-19 support grants		
Additional Restrictions Support Grant (ARG)	1,050	0
LA Discretionary Grant Fund (LADGF)	0	0
Local Restriction Support Grant (LRSG) Open	0	0
New Burdens for SBSG Discretionary scheme	0	0
National Leisure Recovery Fund	8	0
New Burdens funding re. Post Payment Assurance, Reconciliation and Debt Recovery	131	44
Test and Trace Support Payments - Discretionary Payments	347	128
Contain Outbreak Management Fund COMF	55	25
Covid Funding to Support Clinically Extremely Vulnerable	0	27
Reopening High Streets Safely Fund / Welcome Back Fund	123	1
New Burdens LADGF	167	0
Test and Trace Admin	40	0
LA Compliance & Enforcement	15	0
Total COVID-19 support grants	1,936	225
Rent Allowances & Rebates		
Rent Allowances	4,769	4,640
Rent Rebates	3,935	3,752
Discretionary Housing Payments	128	91
Housing Benefit Administration	120	118
Total Rent Allowances & Rebates	8,952	8,600
Other grants		
Food Waste Grant	405	436
Disabled Facilities Grant	420	420
Council Tax Sharing Agreement - Essex CC	131	287
Dunton Hills Garden Village funding	0	135
Preventing Homelessness Grant	246	236
Non Domestic Rates-Cost of Collection	102	104
Council Tax Support	66	247
New Changing Places Facility At King George's Playing	100	0
Community Hub Funding	92	2
UKSPF - DLUHC	0	41
Urban Tree Challenge	0	51
Other grants individually less than £0.050m	239	346
Total Other grants	1,801	2,305
Capital grants and contributions		
S106 Eagle & Child	0	193
	0	193
Total	12,689	11,323

NOTES TO THE ACCOUNTS

32. Grant Income (continued)

The Council received a number of grants and contributions during 2022/23 that not been recognised as income as at 31 March 2023 because they have conditions attached to them that could require the monies to be returned to the grantor. The balances at the year-end were as follows:

	31 March 2022	31 March 2023
	£'000	£'000
<u>Grants Receipts in Advance (Revenue Grants)</u>		
Current Liabilities:		
Council Tax Rebate Grants	2,965	90
Other grants	216	422
Total	3,181	512
<u>Grants Receipts in Advance (Capital Grants)</u>		
Developers' Contributions:		
Mountnessing Scrapyard	1,051	1,027
Former Elliots Nightclub	189	188
Doddinghurst Surgery, Outings Lane, Doddinghurst	172	172
Eclipse Ongar Road, Brentwood	72	0
La Plata Wood, Brentwood	57	51
73 High Street, Brentwood	61	44
S106 Brentwood Blood Centre	83	83
M25 J29 Garden Communities Programme	121	0
S106 Land at Eagle Way open space	0	141
Local Authority Housing Fund (LAHF)	0	502
Other grants individually less than £0.050m	128	96
Total	1,934	2,304

33. Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader to assess the extent to which the Council might have been constrained in its ability to operate independently or might have influenced or limited another party's ability to operate independently.

NOTES TO THE ACCOUNTS

33. Related Parties

UK Government

The UK Government has significant influence over the general operation of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of funding in the form of grants and prescribes the terms for many of the transactions the Council has with other parties (for example bills for Council Tax or housing benefits). Grants received from Government are shown in Note 32.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2022/23 is disclosed in note 28. In addition, grants and other payments totalling £0.070m (£0.021m in 2021/22) were paid to voluntary organisations whose governing bodies included at least one Member representing the Council. In all instances the grants were made with full consideration to the Declaration of Interest.

Senior Officers

The majority of Senior Staff returned a financial transactional declaration of nil, or of minimal transactional value in relation to contracts of influence. One Senior Officer holds a Non Executive Directorship with a business enterprise supplying the council with interim senior staff. The value of these transactions total £260,450 for the year.

Entities in which Members have a Controlling Interest

Members of the Council are required to review and complete a Register of Members Interest and a Declaration of Financial Interest form. Nil Returns were received from most Members in regard to finance related matters for 2022/23. Those declaring financial information included two receipts of a grant in relation to COVID-19 which totalled £12,92. One Member occupies the post of Police, Fire & Crime Commissioner for Essex. Details of this are shown under the Other Public Bodies (Essex Police).

Other Public Bodies (subject to common control by Central Government)

a) Essex County Council

Three Council Members were also members for Essex County Council during the financial year. The Council paid Essex County Council a total of £334,436 of which £25,246 was for the provision of professional services; £235,789 was in respect of trade waste; £38,095 was for Planning and Land Charge services and £35,306 of other costs including contributions & subscriptions. The Council was paid £1,613,966 by Essex County Council during the year. Of that amount, £1,339,370 was in respect of waste disposal & recycling, £186,286 in respect of the highways ranger service. The balance related to other services including wedding, grants and venue hire.

a) Essex Police/Essex Police & Crime Commissioner

Sanderson Weatherall are property managers on behalf of Brentwood Borough Council regarding commercial space within the Town Hall. The lease amount of £53,500 was received during the year with regards to the rental of both office space and car parking facilities from Essex Police and Crime Commission.

The Council Tax precepts paid by the Council to the Essex Police & Crime Commissioner are disclosed in the Collection Fund on pages 92-94.

b) Essex County Fire and Rescue Service (ECFRS)

NOTES TO THE ACCOUNTS

There were financial transactions between ECFRS and Brentwood Borough Council of £6,502 during the year relating to testing and subscriptions. The Council Tax precepts and Non Domestic Rates precepts paid by the Council to the Essex Fire & Rescue Service are disclosed in the Collection Fund on pages 92-93.

c) London Borough of Barking & Dagenham

The Council paid the London Borough of Barking & Dagenham £9,216 during the year (£35,820 in 2021/22) for the provision of legal services.

d) Thurrock Council

The Council paid Thurrock Council £409,852 (£347,849 in 2021/22), for the provision of various professional services including planning, shared environmental health and payroll services. Brentwood Borough Council received £8,475 for subscriptions and shared staffing arrangements.

e) Basildon Borough Council

The Council paid Basildon Borough Council a total of £1,529,802 during 2022/23 (£1,489,614 in 2021/22):

- £1,373,117 for provision of a shared Revenues and Benefits Service (£1,373,117 in 2021/22)
- £106,507 for other services, mainly housing (£106,507 in 2021/22)

Brentwood Borough Council received £8,475 for subscriptions and shared staffing arrangements.

f) Rochford District Council

Brentwood Borough Council has entered into a Partnership with Rochford District Council named OneTeam. The aim of partnership is to create a more collaborative ways of working creating efficiencies and improvements to council services for both Brentwood and Rochford residents. Income of £614,858 was received from Rochford, and £377,425 paid to Rochford during the year. This is mostly in relation to staffing arrangements.

g) Parish Councils

During the year the Council received income of £24,217 from Parish Councils mostly relating to the collection of waste.

h) Association of South Essex Local Authorities

This is a partnership of six neighbouring local authorities that have come together to promote economic growth and prosperity in the South Essex region. The local authority partners are Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea and Thurrock. The Council paid a subscription of £13,000 to the group (£66,750 in 2021/22). The subscription is paid to Castle Point Borough Council, the administering authority.

Entities Controlled or Significantly Influenced by the Council

a) Seven Arches Investments Ltd (SAIL)

This is the Council's wholly owned subsidiary company, further details about which can be found within the Group Accounts on pages 15-23. There is a facility agreement in place between the Council and SAIL, which enables SAIL to request to draw down loans from the Council, repayable in 2048. SAIL has drawn down loans of £60,000,000.

The council paid SAIL £76,133 during the year relating to VAT and expenses. The Council received £7,306,105 from SAIL in 2022/23 (£5,836,918 in 21/22) representing:

- £2,400,000 interest (£2,400,000 in 2020/21)
- £4,439,453,438 rents (£2,991,438 in 2021/22)
- £420,653 recharged management costs (£420,653 in 2021/22)
- £60,910 other income (£24,827 in 2021/21)

NOTES TO THE ACCOUNTS

34. Leases

Council as Lessor - Operating Leases

The Council leases out premises under operating leases in order to generate a rental income. The minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2022 £'000	31 March 2023 £'000
Not later than one year	4,874	4,903
Later than one year and not later than five years	19,309	19,192
Later than five years	73,745	67,478
Total	97,928	91,573

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents were receivable by the Council in 2022/23 (none in 2021/22).

35. Accounting standards that have been issued but not yet adopted

The 2022/23 Code of Practice on Local Authority Accounting in the UK is expected to introduce the following accounting standards:

- a) IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- b) Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- c) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- d) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- e) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- f) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

36. Events after the Balance Sheet date

The unaudited Statement of Accounts was authorised for issue by Tim Willis, Interim Director (Resources), on 31 May 2023. As at that date, no post balance sheet events have been identified for the Council's core financial statements.

NOTES TO THE ACCOUNTS

37. Nature and extent of risks arising from financial instruments

The Council's activities expose it to a variety of financial risks including:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit Risk

Credit risk arises from deposits with banks and other financial institutions and from credit exposures to the Council's customers. The Council minimises credit risk by restricting its lending to other local authorities and to UK banks and building societies with credit ratings at or above a level specified in the Annual Investment Strategy.

The Council has had no experience of default on investments and does not expect any losses, nor has credit risk increased since initial recognition, so no loss allowance has been made for investments.

The Council makes a provision for impairment of trade receivables using a provision matrix, based on historical observed default rates over the lifecycle of trade. The loss allowance is calculated as follows:

Stage	31 March 2022		31 March 2023	
	Gross carrying amount	Impairment provision	Gross carrying amount	Impairment provision
	£'000	£'000	£'000	£'000
Less than one year	1,160	19	940	5
More than one year	90	68	307	145
Total	1,250	87	1,247	150

The Council also makes a provision for impairment of housing rent arrears, based on historical observed default rates of debts at the various stages of the Council's debt recovery cycle. This methodology produces an impairment provision of £1.447m (2021/22 £1.273m) against rent arrears of £1.933m (2021/22 £1.789m).

Liquidity Risk

The Council manages its liquidity position through its cash flow management procedures. In the event of unexpected movements, the Council has ready access to borrowing from the money markets and Public Works Loans Board. There is therefore no significant risk that the Council would be unable to raise finance to meet its commitments under financial instruments. The risk to the Council is that it would have to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. This is addressed by monitoring the maturity structure of its debt. The maturity analysis of financial liabilities in respect of its borrowings at 31 March as follows:

NOTES TO THE ACCOUNTS

37. Nature and extent of risks arising from financial instruments (continued)

	31 March 2022			31 March 2023		
	Principal	Accrued interest	Total	Principal	Accrued interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	36,000	17	36,017	34,000	209	34,209
Between one and five years	10,000	2	10,002	10,000	2	10,002
Between five and ten years	17,400	99	17,499	32,400	101	32,501
Between ten and twenty years	42,853	41	42,894	42,019	40	42,059
Between twenty and thirty years	31,166	105	31,271	17,000	98	17,098
More than thirty years	90,777	485	91,262	90,777	474	91,251
Total	228,196	749	228,945	226,196	924	227,120

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk.

All of the Council's investments and borrowing at 31 March 2023 were at fixed rates of interest. The Council was therefore not exposed to risk of additional costs on resulting from increases in interest rates.

Price Risk and Foreign Exchange Risk

The Council does not invest in instruments such as equity shares as part of its treasury function and thus has no exposure to loss arising from movements in price. The Council has no financial assets or liabilities denominated in foreign currencies and has no exposure to loss arising from movements in exchange rates.

38. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet at 31 March 2023 for which there is a risk of material adjustment in the forthcoming financial year are set out in the following paragraphs.

NOTES TO THE ACCOUNTS

38. Assumptions made about the future and other major sources of estimation uncertainty (continued)

Uncertainty	Effect if Actual Result differ from Assumptions
<p>Property, Plant & Equipment Council dwelling, other land & buildings and surplus assets are valued by a RICS registered valuer sufficiently frequently to ensure that their carrying amount is not materially different from their current / fair value at the year-end.</p>	<p>A 1% increase or decrease in the value of these assets would increase or decrease their carrying value by approximately £4.5m.</p>
<p>Fair Value Measurements When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council commissions relevant experts (e.g. valuers, treasury advisors and actuaries), to identify the relevant valuation techniques and the estimated fair values (e.g. Interest rates yields or yields for similar financial instruments).</p> <p>These advisors consider and report to the Council local/national economic and operational trends and forecasts, in estimating the fair value of its assets and liabilities (e.g. national house price statistics and local commercial rental market trends in valuing the Council's property assets).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Note 15.</p>	<p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets. The risks associated with financial instruments are documented in note 37. A 1% increase or decrease in the value of the Council's investment properties would increase or decrease their carrying value by approximately £0.17m.</p>

NOTES TO THE ACCOUNTS

38. Assumptions made about the future and other major sources of estimation uncertainty (continued)

Uncertainty	Effect if Actual Result differ from Assumptions
<p>Pensions Liability Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates and expected returns on pension fund assets. Barnett Waddingham, an independent firm of actuaries, has been engaged to provide the Council with expert advice about the assumptions to be applied. Further information can be found in Note 40.</p>	<p>A sensitivity analysis on pension liabilities is included in note 40.</p>
<p>Business Rates Appeals The provision for losses in non-domestic rates income arising from appeals against assessed rateable values in the 2005 and 2010 lists is based on an assessment using the historical experience of appeals and an analysis of the details of appeals held by the Valuation Office Agency. The 2017 revaluation and the introduction by the Government of the Check, Challenge and Appeal process for appeals presents a difficulty in establishing an appropriate provision against the 2017 list because there is an absence of active appeals on which to base the calculation of an appeals provision. The provision for the 2017 list is based on potential losses against the 2017 list, based on successful and outstanding appeals against the 2010 list, and potential new appeals identified by the Council's non-domestic rates advisors.</p>	<p>The provision against the 2017 list is difficult to estimate as the number of successful appeals is unknown, as is the number of businesses likely to appeal against their change in business rates. If underestimated there will be higher write off costs than provided for and this will therefore reduce the income within the Collection Fund. A 10% increase in the Business Rates Appeals provision would increase the Council's provision by £0.100m, representing 40% of the increase to the Collection Fund of £0.250m.</p>
<p>Provision for Bad and Doubtful Debts At 31 March 2022, the Council had a balance of short-term debtors of £20.133m.</p>	<p>In the current climate it is not certain that such an allowance will continue to be sufficient. If collection rates were to deteriorate, further consideration would be given to reviewing the criteria for calculating the provision, with a view to increasing the provision held by the Council.</p>

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

39. Critical judgments in applying accounting policies

In applying the Accounting Policies set out in note 41, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Valuation of Property, Plant and Equipment

The Council's Non-Current assets are valued on the Balance Sheet in accordance with the CIPFA Code of Practice and the Royal Institute of Chartered Surveyors (RICS). Accounting policies note 16 gives more detail. In line with the CIPFA Code of Practice, all Non-Current assets, with the exception of those carried at depreciated historic cost, are valued on a rolling program of at least five years, to ensure that the carrying value of these reflect the market value as at the balance sheet date. The Council's professionally qualified valuers also undertake a material changes review of each category of asset to ensure that material asset values adequately reflect market value as at the Balance Sheet date.

Cost of Living Support Measures

The government announced a range of grant schemes to support businesses, and individuals required to self-isolate, to be administered by local billing authorities. The Council has assessed whether it should be accounting for the grants paid to them and the distribution of the grants to eligible recipients, as either principal or agent transactions in accordance with Section 2.6 (Principal and Agent Transactions) of the Code.

Group Accounts Boundary assessment

The Council undertakes its operational activities through a variety of service delivery options, either under ultimate control of the Council or in partnership with other entities. The Council undertakes a judgement as to whether the arrangements fall into the Group boundary. Where these arrangements are material, either quantitatively or financially, they are included in the Group Accounts. Seven Arches Investment Limited, a wholly owned subsidiary of the Council, has been included in the Council's Group accounts

Classification of Leases

The Council has undertaken an analysis to classify the lease it holds, both as lessor and lessee, as either operating or finance leases. Relevant accounting policies have been applied to the assessment. The Council judges that none of the arrangements constitute a finance lease where the Council is the lessee, and therefore no amounts in respect of finance leases are recognised on the Balance Sheet.

NOTES TO THE ACCOUNTS - PENSION LIABILITIES

40. Defined Benefit Pension Schemes

40.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- (i) The Local Government Pension Scheme, administered locally by Essex County Council. This is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.
- (ii) Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

40.2 Fund Valuation and Disclosures – data sources

The fund assets and liabilities, information and disclosures have been provided by Barnett Waddingham, an independent firm of actuaries. They have used the following items of data:

- the results of the valuation as at 31 March 2022 which was carried out for funding purposes and the results of the 31 March 2023 IAS19 report, which was carried out for accounting purposes;
- whole fund income and expenditure items for the period to 31 March 2023
- fund income and expenditure in respect of the employer for the period to 31 March 2023
- details of any new early retirements for the period to 31 March 2023 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.
- details of any settlements for the period to 31 March 2023

40.3 Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge that the Council is required to make against the General Fund and Housing Revenue Account, however, is based on the employer's contributions that it pays to the Pension Fund. The cost of post-employment benefits recognised in the deficit on provision of services is reversed out via the Movement in Reserves Statement.

The following table identifies the transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund and HRA Balances via the Movement in Reserves Statement during the year:

NOTES TO THE ACCOUNTS - PENSION LIABILITIES

40.3 Transactions Relating to Post-employment Benefits (continued)

	Local Government Pension Scheme	Discretionary Benefits Arrangements	Total	Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Service cost comprising:						
Current service cost	3,623	0	3,623	3,431	0	3,431
Past service costs including curtailments	36	0	36	220	0	220
Gain on settlements	0	0	0	0	0	0
Administration	54	0	54	70	0	70
Net interest expense	787	52	839	433	62	495
Total Post-employment Benefits Charged to the Surplus or Deficit on the Provision of Services	4,500	52	4,552	4,154	62	4,216
Remeasurement of the net defined benefit comprising:						
Return on plan assets (excluding the amount included in the net interest expense)	(8,798)	0	(8,798)	(2,722)	0	(2,722)
Other actuarial (gains) / losses on assets						
Actuarial gains and losses arising on changes in financial assumptions	(4,950)	(45)	(4,995)	54,717	(455)	54,262
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0	0	0	0
Experience (gain) / loss on defined benefit obligation	320	6	326	(11,669)	218	(11,451)
Sub total	(13,428)	(39)	(13,467)	40,326	(237)	40,089
Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(8,928)	13	(8,915)	44,480	(175)	44,305
Reversal of net charges for post employment benefits in accordance with IAS19	(4,500)	(52)	(4,552)	(4,154)	(62)	(4,216)
Actual Amount Charged against the General Fund and HRA Balances for the Year						
Contributions / payments charged to the General Fund	1,951	170	2,121	2,119	170	2,289
Contributions / payments charged to the Housing Revenue Account	498	44	542	564	45	609
Employer's contributions payable to the Pension Fund	2,449	214	2,663	2,683	215	2,898

NOTES TO THE ACCOUNTS - PENSION LIABILITIES

40.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

	Local	Discretionary	Total	Local	Discretionary	Total
	Government	Benefits		Government	Benefits	
	Pension	Arrangements		Pension	Arrangements	
	Scheme			Scheme		
	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of the defined benefit obligation	(139,627)	(2,488)	(142,115)	(100,277)	(2,098)	(102,375)
Fair value of plan assets	121,811	0	121,811	120,842	0	120,842
Net liability arising from defined benefit obligation	(17,816)	(2,488)	(20,304)	20,565	(2,098)	18,467

40.5 Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2021/22	2022/23
	£'000	£'000
Opening fair value of scheme assets	110,464	121,829
Interest on assets	2,200	3,150
Return on assets less interest	8,228	(2,722)
Other actuarial gains / (losses)	1,869	0
Administration expenses	(54)	(70)
Contributions from employer	2,676	2,898
Contributions from employees into the scheme	529	570
Benefits paid	(4,083)	(4,813)
Settlements made	0	0
Closing fair value of scheme assets	121,829	120,842

40.6 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Funded	Unfunded	Total	Funded	Unfunded	Total
	liabilities:	liabilities:	Liabilities	liabilities:	liabilities:	Liabilities
	LGPS	Discretionary		LGPS	Discretionary	
	Benefits			Benefits		
	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance at 1 April	(150,981)	(2,696)	(153,677)	(139,559)	(2,574)	(142,133)
Current service cost	(3,624)	0	(3,624)	(3,431)		(3,431)
Interest cost	(2,987)	(52)	(3,039)	(3,707)	62	(3,645)
Contributions from scheme participants	(529)	0	(529)	(570)		(570)
Changes in demographic assumptions	3,706	0	3,706	0	0	0
Changes in financial assumptions	6,764	50	6,814	54,717	(455)	54,262
Experience gains/(losses)	4,259	(91)	4,168	(11,670)	218	(11,452)
Liabilities assumed on settlements	0	0	0	0		0
Benefits paid	3,869	215	4,084	4,599	215	4,814
Past service cost	(36)	0	(36)	(220)	0	(220)
Closing balance at 31 March	(139,559)	(2,574)	(142,133)	(99,841)	(2,534)	(102,375)

NOTES TO THE ACCOUNTS - PENSION LIABILITIES

40.7 Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2023 is estimated to be 0.35% (9.48% for the year to 31 March 2022). The actual return on the Fund assets over the year may be different. The estimated asset allocation for the Council as at 31 March is as follows:

Asset Share – Bid Value	31 March 2022		31 March 2023	
	£'000	%	£'000	%
Equities	72,359	60%	69,756	58%
Gilts	2,877	3%	1,771	2%
Other Bonds	5,277	4%	0	0%
Property	9,884	8%	9,918	8%
Cash	3,058	3%	3,628	3%
Alternative Assets	14,892	12%	19,166	16%
Other Managed Funds	12,165	10%	16,584	13%
Total	120,512	100%	120,823	100%

Bid values have been estimated by the actuary where necessary and the final asset allocation of the Fund assets as at 31 March 2023 is likely to be different from that shown as a result of estimation techniques. Based on the above the Council's share of the assets of the Fund is approximately 1.25%.

40.8 Liabilities

Valuation of the employer's liabilities

To assess the value of the Council's liabilities at 31 March 2023, the actuary has rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2022, using financial assumptions that comply with International Accounting Standard 19 (IAS 19). The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the schemes as well as pensions and lump sums that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

As required under IAS 19 the projected unit method of valuation has been used to calculate the service cost.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2023 without completing a full valuation. The actuary is satisfied, however, that the approach of rolling forward the previous valuation data to 31 March 2022 should not introduce any material distortions in the results provided that the actual experience of the Council and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the last formal valuation. From the information received by the actuary there is no evidence that this approach is inappropriate.

Demographic Assumptions

The key demographic assumptions are the mortality assumptions. The assumptions determined by the actuary are:

NOTES TO THE ACCOUNTS - PENSION LIABILITIES

40.8 Liabilities (continued)

	2021/22	2022/23
<u>Mortality assumptions - life expectancy from age 65</u>		
Retiring today:		
Men	21.6	21.1
Women	23.7	23.5
Retiring in 20 years:		
Men	23.0	22.3
Women	25.1	25.0

The base table mortality assumptions used are the ones adopted for the funds' latest triennial funding valuations.

The mortality improvement projections are based on the version of the Continuous Mortality Investigations model, CMI_2020, which was released in March 2021. This model includes a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results.

The actuary has also made the following assumptions:

- members will exchange 50% of their commutable pension for cash at retirement
- members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- the proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Financial Assumptions

The financial assumptions determined by the actuary are:

Assumption	31 March	31 March	31 March	31 March
	2020	2021	2022	2023
	% p.a.	% p.a.	% p.a.	% p.a.
Salary Increases	2.95	3.85	4.20	3.90
Pension Increases	1.95	2.85	3.20	2.90
Discount Rate	2.35	2.00	2.60	4.80

The actuary's estimate of the duration of the Council's past service liabilities is 18 years.

The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The actuaries have used the Single Equivalent Discount Rate (SEDR) methodology to derive the appropriate discount rate. This involves taking sample cashflows for employers at each duration year (from 2 to 30 years) and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation. In carrying out this derivation they use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point.

NOTES TO THE ACCOUNTS - PENSION LIABILITIES

40.8 Liabilities (continued)

Inflation Assumptions

The Single Equivalent Inflation Rate (SEIR) approach has been used to derive an appropriate RPI assumption. The SEIR adopted is such that the single assumed rate of inflation results in the same liability value as that resulting from applying the BoE implied inflation curve, which is assumed to be flat beyond the 40 year point.

Gilt-implied inflation rates are considered to be distorted by supply and demand factors at medium and longer terms. An Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 10 years) has therefore been allowed for. This results in an overall IRP of between 0.0% p.a. and 0.3% p.a. depending on the term of the liabilities (for terms ranging from 2 years up to 30 years).

Assumptions are rounded to the nearest 0.05% and sample cashflows for employers at each duration year (from 2 to 30 years) have been used in deriving the assumptions for employers.

It is expected that RPI will be on average 1.0% p.a. lower than it would have otherwise been from 2030 as a result of the proposed alignment of RPI to CPIH (and CPI) from that date. It is therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030, and will be in line with RPI inflation thereafter. This results in an assumed gap between the two inflation measures of between 0.25% p.a. and 0.85% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years).

40.9 Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysis changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Sensitivity Analysis			
Adjustment to discount rate	0.10%	0.00%	-0.10%
Present Value of Total Obligation (£000)	100,945	102,375	103,843
Projected Service Cost (£000)	1,485	1,535	1,586
Adjustment to long term salary increase	0.10%	0.00%	-0.10%
Present Value of Total Obligation (£000)	102,478	102,375	102,274
Projected Service Cost (£000)	1,536	1,535	1,534
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	-0.10%
Present Value of Total Obligation (£000)	103,767	102,375	101,016
Projected Service Cost (£000)	1,587	1,535	1,485
Adjustment to mortality age rating assumption	+1 Year	None	- 1 Year
Present Value of Total Obligation (£000)	106,211	102,375	986,898
Projected Service Cost (£000)	1,590	1,353	1,481

NOTES TO THE ACCOUNTS - PENSION LIABILITIES

40.10 Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve and then maintain a funding level of 100%. Funding levels are monitored on an annual basis.

The latest triennial valuation was carried out as at 31 March 2019 and has set contributions for the period 1 April 2020 to 31 March 2023.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalue earning schemes to pay pensions and other benefits to certain public servants.

40.11 Projected 2023-24 pension expense

The Council's 2023-24 projected pension expense, excluding the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023, is:

	£'000
Service Cost	1,535
Net Interest on the defined benefit liability (asset)	(934)
Administration expenses	70
Total	671
Employer Contributions	1,823

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

41. Significant Accounting Policies

1. General Principles
2. Accruals of Income and Expenditure
3. Cash and Cash Equivalents
4. Charges to Revenue for Non-Current Assets
5. Council Tax and Non-Domestic Rates
6. Employee Benefits
7. Events after the Balance Sheet date
8. Financial Instruments
9. Fair Value Measurement
10. Government Grants and Contributions
11. Interests in Companies
12. Investment Property
13. Leases
14. Overheads and Support Services
15. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
16. Property, Plant and Equipment
17. Provisions and Contingent Liabilities
18. Reserves
19. Revenue Expenditure Funded from Capital under Statute
20. Value Added Tax

41.1 General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year end of 31 March 2023. The Account and Audit Regulations 2015 require the Council to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

41.2 Accruals of Income and Expenditure

Income and expenditure is accounted for in the year that the activity takes place, not simply when cash payments are made or received. In particular:

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

41.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than twenty four hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

41.4 Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. It is required, however, to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision contribution in the General Fund by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

41.5 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

41.6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within twelve months of the year end) such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service line (or where applicable to the Non Distributed Costs line) in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the Council are members of the Local Government Pension Scheme (LGPS) which provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. The LGPS Fund is administered by Essex County Council and is accounted for as a defined benefits scheme:

- The liabilities of the fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

41.6 Employee Benefits (continued)

- Liabilities are discounted to their value at current prices using the 18 year point of the Merrill Lynch AA-rated corporate bond yield curve, which has been chosen to meet the requirements of IAS 19, and with consideration of the duration of each employer's liabilities. This is consistent with the approach used at the last accounting date.
- The assets of the fund attributable to the Council are included in the Balance Sheet at their fair value:
 - a) quoted securities – current bid price
 - b) unquoted securities – professional estimate
 - c) unutilised securities – current bid price
 - d) property - market value.

The change in the net pension liability is analysed into the following components:

- 1) Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment, curtailment or settlement the effect of which relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- 2) Remeasurements comprising:
 - the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains or losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pension Reserve as Other Comprehensive Income and Expenditure
- 3) Contributions paid to the fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued for in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

41.7 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

41.8 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

Financial Assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the Council, this means that the amount presented in the Balance Sheet represents the outstanding principal receivable (plus accrued interest) and interest credited to the CIES represents the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

The Council recognises expected credit losses on trade receivables and housing rent arrears on a lifetime basis using a provision matrix, based on historical observed default rates over the lifecycle of trade receivables and housing rent arrears. The Council does not recognise credit losses on any of its other financial assets as the risk of loss is considered to be immaterial.

41.9 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

41.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is a reasonable assurance that:

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

- the Council will comply with the conditions attached to the payments, and
- the grant or contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies received as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has not yet been used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

41.11 Interests in Companies

The Council has a material interest in a company that has the nature of a subsidiary, and the Council therefore prepares group accounts. In the Council's own single-entity accounts, its interests in the company are recorded as financial assets at cost.

41.12 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As non-financial assets, investment properties are measured at highest and best use. Properties are not depreciated but are revalued regularly according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory provisions to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

41.13 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

41.13 Leases

leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings components are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Council as Lessee - Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

Council as Lessor - Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. Income from investment properties is recognised as Finance and Investment Income. Income from other properties is recognised within the relevant service line in the Comprehensive Income & Expenditure Statement.

41.14 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

41.15 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise from a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made where required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

41.16 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not have a de minimis limit below which expenditure is written off to revenue as it is incurred (notwithstanding that the expenditure meets the definition of capital expenditure).

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

41.16 Property, Plant and Equipment (continued)

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired otherwise than by purchase is deemed to be its fair value unless the acquisition does not have any commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired by an exchange, the cost of acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – the current measurement base is fair value, estimated at highest and best cost from a market participant's perspective
- all other assets - current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

41.16 Property, Plant and Equipment (continued)

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer
- infrastructure – straight-line allocation over a period determined for each class of asset, as advised by a suitably qualified officer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale – adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

41.16 Property, Plant and Equipment (continued)

classed as Held for Sale - and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement. The written off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

41.17 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income of the relevant service if it is certain that reimbursement will be received if the Council settles the obligation.

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES

41.18 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

41.19 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

41.20 VAT

Value Added Tax payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Value Added Tax receivable is excluded from income.

HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. Councils charge rents to cover expenditure in accordance with the legislative framework, but this may be different from the accounting cost. The increase or decrease in the year, on which the rents are raised, is shown in the Movement on the HRA Statement.

	2021/22	2022/23
	£'000	£'000
Expenditure		
Repairs and maintenance	3,063	3,235
Supervision and management	2,977	2,987
Rent, rates, taxes and other charges	170	161
Depreciation and impairment of non-current assets	5,660	6,167
Total Expenditure	11,870	12,550
Income		
Dwelling rents	(12,205)	(12,487)
Non-dwelling rents	(265)	(253)
Charges for services and facilities	(992)	(1,069)
Total Income	(13,462)	(13,809)
Net Income of HRA Services as included in the Comprehensive Income and Expenditure Statement	(1,592)	(1,259)
Net Income of HRA Services	(1,592)	(1,259)
HRA share of Other Operating Income and Expenditure		
Gain on sale of HRA non-current assets	(464)	(765)
Interest payable and debt management expenses	2,016	1,908
Interest and investment income	(33)	(47)
Movement in the allowance for bad debts	156	146
Pensions net interest expense	171	104
Deficit/(surplus) for the year on HRA services	254	87

HOUSING REVENUE ACCOUNT

Movement on the HRA Statement

	2021/22	2022/23
	£'000	£'000
Balance on the HRA at the end of the previous year	1,480	1,921
Surplus/(deficit) for the year on the HRA Income and Expenditure Statement	(255)	(87)
1 Adjustments between accounting basis and funding basis	2,433	2,372
Transfer of recharges from the General Fund Account	(1,637)	(1,895)
Increase before transfers to or from reserves	541	390
Transfers from earmarked reserves	(100)	0
(Decrease)/increase in the year on the HRA	441	390
Balance on the HRA at the end of the current year	1,921	2,311

HOUSING REVENUE ACCOUNT - NOTES

1. Adjustments between accounting basis and funding basis

	2021/22	2022/23
	£'000	£'000
Gain or loss on sale of HRA non-current assets	464	877
HRA share of contributions to or from the Pensions Reserve	(377)	(231)
Transfers to or from the Major Repairs Reserve	3,110	3,250
Transfers to or from the Capital Adjustment Account	(5,646)	(6,174)
Transfers to or from the Accumulated Absences Adjustment Account	15	(10)
Total adjustments between accounting basis and funding basis	(2,434)	(2,288)

2. Housing Stock

The type and number of dwellings in the Council's housing stock at 31 March was as follows:

	31 March 2022	31 March 2023
Flats		
1 Bedroom	532	532
2 Bedroom	494	494
3 Bedroom	60	59
Total Flats	1,086	1,085
Houses and Bungalows		
1 Bedroom	344	344
2 Bedroom	383	385
3 Bedroom	637	634
4 Bedroom	14	14
Total Houses and Bungalows	1,378	1,377
Equity share properties		
1 Bedroom	2	2
2 Bedroom	5	5
Total Equity share properties	7	7
Total Housing Stock	2,471	2,469

HOUSING REVENUE ACCOUNT - NOTES

3. HRA Non-current Assets

The Balance Sheet values at 31 March of non-current assets within the Council's HRA were as follows:

	Dwellings	Other Land and Buildings	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 March 2021	277,873	6,167	400	1,043	285,483
Changes during the year	16,642	(873)	0	726	16,495
Net Book Value at 31 March 2022	294,515	5,294	400	1,769	301,978
Changes during the year	11,807	359	(49)	1,285	13,402
Net Book Value at 31 March 2023	306,322	5,653	351	3,054	315,380

The Balance Sheet values of the land, dwellings and other property within the Council's HRA were as follows:

	Dwellings	Other Land and Buildings	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Net Book Value at 31 March 2021	277,873	6,167	400	1,043	285,483
Changes during the year	16,642	(873)	0	726	16,495
Net Book Value at 31 March 2022	294,515	5,294	400	1,769	301,978
Changes during the year	11,807	359	(49)	1,285	13,402
Net Book Value at 31 March 2023	306,322	5,653	351	3,054	315,380

Depreciation and amortisation charges during the year were as follows:

	2021/22	2022/23
	£'000	£'000
<u>Depreciation</u>		
Dwellings	2,816	2,984
Other land and buildings	294	266
Total depreciation	3,110	3,250
<u>Amortisation</u>		
Software	32	0
Total	3,142	3,250

HOUSING REVENUE ACCOUNT - NOTES

Revaluation losses during the year were as follows:

	2021/22	2022/23
	£'000	£'000
Dwellings	2,395	674
Other land and buildings	107	2,230
Surplus Assets	0	0
Total revaluation losses	2,502	2,904

Vacant possession value of dwellings

The vacant possession value of dwellings within the Council's HRA was £805.547m at 31 March 2023 (£775.037m at 31 March 2022). The difference between the vacant possession value and the Balance Sheet value shows the economic cost to the Council of providing council housing at less than open market rents.

4. Major Repairs Reserve

	2021/22	2022/23
	£'000	£'000
Balance at 1 April	6,473	5,153
Amount transferred to the reserve during the year	3,110	3,250
Financing of capital expenditure	(4,430)	(7,991)
Balance at 31 March	5,153	412

5. Capital Transactions

a) Capital Expenditure and Financing

	2021/22	2022/23
	£'000	£'000
Capital Expenditure:		
Acquisition of new housing stock	0	2,324
Affordable housing development	1,846	1,286
Enhancements to existing housing stock	4,430	7,991
Total Capital Expenditure	6,276	11,601
Sources of Finance:		
Major Repairs Reserve	(4,430)	(7,991)
Retained Capital Receipts	(1,067)	(1,444)
Borrowing	(779)	(2,166)
Total Financing	(6,276)	(11,601)

HOUSING REVENUE ACCOUNT - NOTES

b) Capital Receipts

Receipts from disposal of dwellings and land were £1.889m in 2022/23 (£1.324m in 2021/22).

6. Rent Arrears

	2021/22	2022/23
	£'000	£'000
Gross rent arrears at 31 March	1,639	1,755
Provision for doubtful debts	(1,106)	(1,252)
Net Rent Arrears at 31 March	533	503

The above balances are in respect of tenanted dwellings with the Housing Revenue Account. They exclude rent arrears in respect of homelessness accommodation and other housing services that are outside of the Housing Revenue Account.

7. Pension Costs

The following figures represent the cost of pensions attributable to the HRA and explain the HRA share of contributions to or from the Pensions Reserve. Further details of the treatment of pension costs are shown in note 40 of the Core Financial Statements, together with details of the assumptions made in calculating the figures included in this note.

	2021/22	2022/23
	£'000	£'000
HRA Income and Expenditure Statement		
Net Expenditure on HRA Services		
Current service cost	777	721
Administration expenses	11	15
HRA Share of Operating Income and Expenditure		
Net interest cost	171	104
Net Charge to the Income and Expenditure Statement	959	840
Movement on the HRA Statement		
Reversal of net charges made for retirement benefits	(959)	(840)
Employer's Contribution to the Scheme	542	564
HRA contribution to the Pensions Reserve	(417)	(276)

COLLECTION FUND

The Collection Fund reflects the statutory obligation of the Council as a billing authority to maintain a separate fund. The statement below shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates (NDR).

	2021/22			2022/23		
	Council Tax £'000	NDR £'000	Total £'000	Council Tax £'000	NDR £'000	Total £'000
Amounts required by statute to be debited to the Fund						
Council Tax receivable	(61,424)	0	(61,424)	(65,689)	0	(65,689)
NDR receivable	0	(17,614)	(17,614)	0	(21,949)	(21,949)
Total amounts credited to the Fund	(61,424)	(17,614)	(79,038)	(65,689)	(21,949)	(87,638)
Amounts required by statute to be debited to the Fund						
Council Tax Precepts						
Essex County Council	44,586	0	44,586	46,478	0	46,478
Police & Crime Commissioner for Essex	6,934	0	6,934	7,249	0	7,249
Essex Fire & Rescue Authority	2,457	0	2,457	2,499	0	2,499
Brentwood Borough Council	7,042	0	7,042	7,208	0	7,208
Total Council Tax Precepts	61,019	0	61,019	63,434	0	63,434
Distribution of NDR Income						
Central Government	0	13,459	13,459	0	9,759	9,759
Brentwood Borough Council	0	10,768	10,768	0	7,807	7,807
Essex County Council	0	2,423	2,423	0	1,757	1,757
Essex Fire & Rescue Authority	0	269	269	0	195	195
Costs of Collection	0	103	103	0	104	104
Total Distribution of NDR Income	0	27,022	27,022	0	19,622	19,622
Transitional Protection Payment	0	558	558	0	241	241
Impairment of Debts						
Write-offs	598	315	913	233	115	348
Allowance for Impairment	106	(60)	46	224	93	317
Total Impairment of Debts	704	255	959	457	208	665
Distribution of previous year's Council Tax surplus (note 4)	146	0	146	0	0	0
Distribution of previous year's NDR deficit (note 4)	0	(12,856)	(12,856)	0	(11,009)	(11,009)
Total Movement on Fund Balance in the year	445	(2,635)	(2,190)	(1,798)	(12,887)	(14,685)
Movement on the Collection Fund						
Opening fund balance	(708)	14,399	13,691	(263)	11,764	11,501
Movement on fund balance in the year	445	(2,635)	(2,190)	(1,798)	(12,887)	(14,685)
Closing fund balance (note 5)	(263)	11,764	11,501	(2,061)	(1,123)	(3,184)

COLLECTION FUND

Notes to the Collection Fund

1. Council Tax Base

The Council Tax base is calculated across eight different valuation bands. The total number of properties in each band is adjusted for discounts and premiums. The number of properties for each band is reduced by an allowance of 1% for non-collection and scaled up or down by the band D ratio, giving a Council Tax base expressed as the number of band D equivalent properties. The Council Tax base for 2022/23 as at 31 March 2023 was 34,652 (34,161 as at 31 March 2022). The following table shows the Council Tax base by valuation band.

Band	Range of Property Values	Band D Ratio	2021/22		2022/23	
			Number of dwellings equivalents after applying discounts, premiums and local tax support	Number of Band D equivalent properties	Number of dwellings equivalents after applying discounts, premiums and local tax support	Number of Band D equivalent properties
A	Up to £40,000	6/9	439	292	436	291
B	£40,001 - £52,000	7/9	1,963	1,527	2,001	1,557
C	£52,001 - £68,000	8/9	5,209	4,630	5,215	4,635
D	£68,001 - £88,000	9/9	7,390	7,390	7,570	7,570
E	£88,001 - £120,000	11/9	5,585	6,826	5,690	6,954
F	£120,001 - £160,000	13/9	4,215	6,088	4,268	6,164
G	£160,001 - £320,000	15/9	3,730	6,217	3,754	6,257
H	More than £320,000	18/9	596	1,191	612	1,224
Total			29,127	34,161	29,546	34,652

2. Income from Council Tax

For 2022/23 the Council set a Band D Council Tax (excluding parish precepts) of £1,893.60 (£1,816.96 in 2021/22), made up of its own precept and precepts from Essex County Council, Police & Crime Commissioner for Essex and Essex Fire Authority. The amount paid by each household is the band D amount multiplied by the Band D ratio for the property.

3. Income from Non Domestic Rates

The Council calculates the rates due on non-domestic properties within its boundary by multiplying the rateable value of each property by a multiplier. The total amount, less certain reliefs and other deductions, is shared between Central Government (50%), Essex County Council (9%), Essex Fire Authority (1%), with the remainder (40%) being retained by the Council.

The Gross Non-Domestic Rateable Value for the Brentwood Borough Council area at 31 March 2023 was £66,493,129 (£65,910,176 at 31 March 2022).

The standard NDR multiplier for the year was frozen at 51.2p (51.2p in 2021/22) and the small business multiplier at 49.9p (49.9p in 2021/22).

COLLECTION FUND

4. Distribution of Previous Year's Collection Fund Surplus/(Deficit):-
These have been distributed as follows:

	Council Tax		NDR	
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Central Government	0	0	(6,428)	(5,504)
Essex County Council	107	0	(1,157)	(991)
Police & Crime Commissioner for Essex	16	0	0	0
Essex Fire & Rescue Authority	6	0	(128)	(110)
Brentwood Borough Council	17	0	(5,143)	(4,404)
Total	146	0	(12,856)	(11,009)

1. Allocation of year-end Collection Fund balances
The allocation of these is as follows:

	Council Tax		NDR	
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Central Government	0	0	5,882	(562)
Essex County Council	(191)	(1,510)	1,059	(101)
Police & Crime Commissioner for Essex	(30)	(236)	0	0
Essex Fire & Rescue Authority	(11)	(81)	118	(11)
Brentwood Borough Council	(31)	(234)	4,705	(449)
Total	(263)	(2,061)	11,764	(1,123)

GLOSSARY

Accounting period	The period of time covered by the accounts, normally a period of twelve months starting on 1 st April and ending on 31 st March the following year. The end of the accounting period is the balance sheet date.
Accounting policies	Those principles, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be recognised in the financial statements.
Accrual	A sum included in the accounts to cover income or expenditure attributable to an accounting period for goods received or works done, for which payment has not been received or made by the end of that accounting period. In other words, income and expenditure are recognised when they are earned or incurred, not when money is received or paid.
Actuary	A suitably qualified independent consultant employed to advise Essex councils on the financial position of the Pension Fund.
Actuarial gains and losses	Actuarial gains or losses for defined benefit pension schemes arise because events have not coincided with the actuarial assumptions made, or the actuarial assumptions have changed.
Agency	Agreement that the Council can undertake services on behalf of other authorities or the Government in its area.
Amortised Cost	The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.
Appropriation	The transfer of resources between the revenue or capital accounts and reserves held by the Council.
Asset	An item having value measurable in monetary terms. Assets can either be defined as non-current or current. A non-current asset has use and value for more than one year whereas a current asset (e.g. stocks or short term debtors) can more readily be converted into cash.
Audit	An independent examination of an organisation's activities, either by an internal audit section or equivalent or the organisation's external auditor.
Balance Sheet	This is a summary of the financial position of the Council. It shows the long-term and current assets and liabilities of the Council and its reserves.
Billing Authority	This is the Council as the body responsible for billing and collecting the Council Tax from all residential properties within the borough on behalf of itself, Essex County Council, Essex Fire Authority, Essex Police Authority and Parish Councils. The Council is also responsible for the billing and collection of National Non-Domestic Rates (NNDR or Business Rates) from commercial properties in the borough.
Budget	A budget is a financial statement that expresses the Council's service delivery plans and capital programmes in monetary terms.

GLOSSARY

Capital Adjustment Account	This account represents amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets, or for the repayment of external loans.
Capital Expenditure	Expenditure on the acquisition or refurbishment of non-current assets and other eligible items that will be of benefit to the Council in providing its services for more than one year.
Capital Financing	The raising of money to pay for capital expenditure. Capital financing methods include borrowing, direct revenue funding, use of capital receipts, capital grants, capital contributions and revenue reserves.
Capital Programme	The Council's plans for capital expenditure and funding over future years, including the purchase or improvement of buildings and the acquisition of vehicles and major items of equipment.
Capital Receipts	Proceeds from the sale of assets, which may be used to finance new capital expenditure, set aside for the repayment of external loans or paid to a national pool (if from the sale of HRA dwellings).
Capitalise	To treat expenditure as capital expenditure, including some expenditure which would normally be classed as revenue expenditure (see also REFCUS).
Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is the lead professional accountancy body for the public sector. CIPFA produces guidance in relation to various matters concerning the public sector including financial and governance issues.
CIPFA LASAAC Local Authority Code Board	The board responsible for preparing, maintaining, developing and issuing the Code of Practice (see below). The board is a partnership between CIPFA (England, Northern Ireland and Wales) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).
Code of Practice (COP)	Code of Practice on Local Authority Accounting in the United Kingdom .
Collection Fund	A fund administered by the Council which accounts for the collection of Council Tax and National Non-Domestic Rates (NNDR or Business Rates). Council Tax is paid into this fund and distributed to the Council, Essex County Council, Essex Police Authority, Essex County Fire Authority and Parish Councils. NNDR is paid over to the Government (less an allowance for the costs of collection) which distributes it nationally on the basis of population.
Comprehensive Income and Expenditure Statement (CI&ES)	A statement which records all the day to day income and expenditure of the Council on General Fund or Housing Revenue Account services provided during the financial year.
Contingent Liability	A possible or present obligation that arises from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. A contingent liability is not recognised in the Balance Sheet but disclosed in a note to the accounts.
Council Tax	A local tax charged to the occupiers of residential properties which is used to help finance the budget requirement of the Council and Preceptors for the year.
Credit Loss	A measure of how much the Council would lose if the amounts owed to it by debtors and borrowers are not repaid. Defined as the shortfall between all the cash flows that are due contractually to the Council and those that it expects to receive.

GLOSSARY

Creditors	Amounts owed by the Council, for work done, or goods or services received for which no payments have been made by the Council at the Balance Sheet date.
Current Asset	An asset held which will be used, or received, within the next financial year.
Current Liability	An amount which will become payable within the next financial year.
Debtors	Amounts owed to the Council for goods or services provided, for which no payments have been received by the Council at the Balance Sheet date.
Deferred Liability	A liability which is not fully paid at the current time, but is due for payment either some time in the future, or over a period of time.
Deferred Receipt	Income still to be received where the Council has agreed that amounts are payable beyond the next year, either at some point in the future, or by an annual sum over a period of time.
Defined Benefit Pension Scheme	A pension scheme other than a defined contribution scheme. Usually the scheme rules define the benefits (annual pensions and retirement lump sums) independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
Depreciation	A measure of the amount of a non-current asset that has been consumed during the period. Consumption includes any reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through technical or other changes.
Discretionary Benefits	Retirement benefits which the Council has no legal, contractual, or constructive obligation to award but are awarded under discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.
Earmarked Reserve	A reserve held for a specific future purpose, including to carry forward a revenue underspend in one financial year to the next.
Fees and Charges	Amounts paid by the public for a variety of services such as parking, letting of community halls and the hire of sporting facilities.
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Finance Lease	Such a lease transfers all the risks and rewards of ownership of a non-current asset to the lessee, and is included as a non-current asset in the Balance Sheet of the lessee. (See, for comparison, "Operating Lease").
Financial Asset	A right to future economic benefits controlled by the Council that is represented by cash, the equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial assets and/or liabilities with another entity under conditions that are potentially favourable to the Council.
Financial Instrument	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial Liability	An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial assets and/or liabilities with another entity under conditions that are potentially unfavourable to the Council.

GLOSSARY

Operating Lease	An agreement for the rental of an asset where the rewards and risks of ownership of the asset remain with the lessor. The annual rentals are charged to the Comprehensive Income and Expenditure Statement (see, for comparison, "Finance Lease").
Operational Assets	Non-current assets held and occupied, used or consumed in the direct delivery of those services for which the Council has a statutory or discretionary responsibility or for the administration of the Council.
Outturn	The actual expenditure and income for the financial year in question.
Precept	The net amount paid to each preceptor from Council Tax income collected and paid into the Collection Fund.
Precepting Authority	Essex County Council, Essex Police Authority, Essex Fire Authority and Parish Councils.
Preceptor	Another word for "Precepting Authority".
Premium	An amount payable on the premature repayment of a loan, generally equivalent to the difference between the present value of the remaining payments of principal and interest due on the original loan and that calculated based on the rates of interest in force when the repayment is confirmed.
Provision	An amount set aside to provide for a liability that is likely to be incurred but where the exact amount or the date on which it will arise is uncertain.
Public Works Loan Board (PWLB)	A Government agency that provides longer-term loans to local authorities at interest rates marginally above the Government's own borrowing rate.
Remuneration	All amounts paid or payable to an employee, including sums due by way of expense allowances and the estimated money value of any other benefits otherwise than in cash. It excludes employers' pension contributions to the Pension Fund.
Related Party Transaction	A transaction where one of the parties involved has control or influence over the financial and operational policies of the other party.
Reserves - Usable	The Council's accumulated surplus income over expenditure which can be used to finance future spending and is available to meet unforeseen events.
Reserves - Unusable	Reserves which exist for technical accounting reasons and do not represent amounts that can be used to finance expenditure.
Retirement Benefits	Consideration payable after the completion of employment given by an employer in exchange for services rendered by employees. Does not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.
Revaluation Reserve	An account representing the balance of the net surpluses arising on the revaluation of fixed assets.
Revenue Expenditure	Day-to-day expenditure on items such as salaries and wages, running expenses and capital and interest charges.
Revenue Expenditure Funded from Capital under Statute (REFCUS)	Revenue expenditure which may be properly capitalised under statute or Government direction but which does not result in a non-current asset,

GLOSSARY

Section 106 Agreement	Section 106 of the Town and Country Planning Act 1990 empowers a local planning authority such as the Council to enter into a legally binding agreement or planning obligation with a land developer to undertake works, provide affordable housing or provide additional funding for services.
Section 151 Officer	Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Finance Director is the Council's Section 151 Officer.
Service Reporting Code of practice (SeRCOP)	CIPFA code which establishes proper practice with regard to consistent financial reporting below the Statement of Accounts level. Given statutory force by regulations made under the Local Government Act 2003.